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FIFTY-FIFTH

# Annual Report

*The Shawinigan Water and Power Company*

19



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**THE COVER PICTURE** — is a view of the City of Trois-Rivières, taken from the south shore of the St. Lawrence River, illustrating the city's importance as a deep-sea port and industrial centre.

On the left is the southern tower — 350 feet high — of Shawinigan's transmission line crossing over the St. Lawrence River, one of three crossings which feed power to the south shore transmission and distribution systems. Behind the tower are the mill and woodpile of St. Lawrence Paper Mills Company Ltd., and at the extreme right can be seen the chimneys of the Canadian International Paper Company's newsprint mill — one of the largest in the world.

Between these two mills is the city itself, with its oil tanks, coal wharves, grain elevator, docks and freight sheds and the cathedral spire.

Trois-Rivières, the second oldest city in Canada, lies at the mouth of the St. Maurice River, the principal source of Shawinigan's power. Across the St. Maurice is the city of Cap de la Madeleine, another large industrial centre. These two cities have a combined population exceeding 64,000 people. They contain four large paper mills and many other industries whose products include paper bags, heavy iron castings, railway car wheels, textiles, caskets, gloves, electric lamps, abrasives and metal foils.

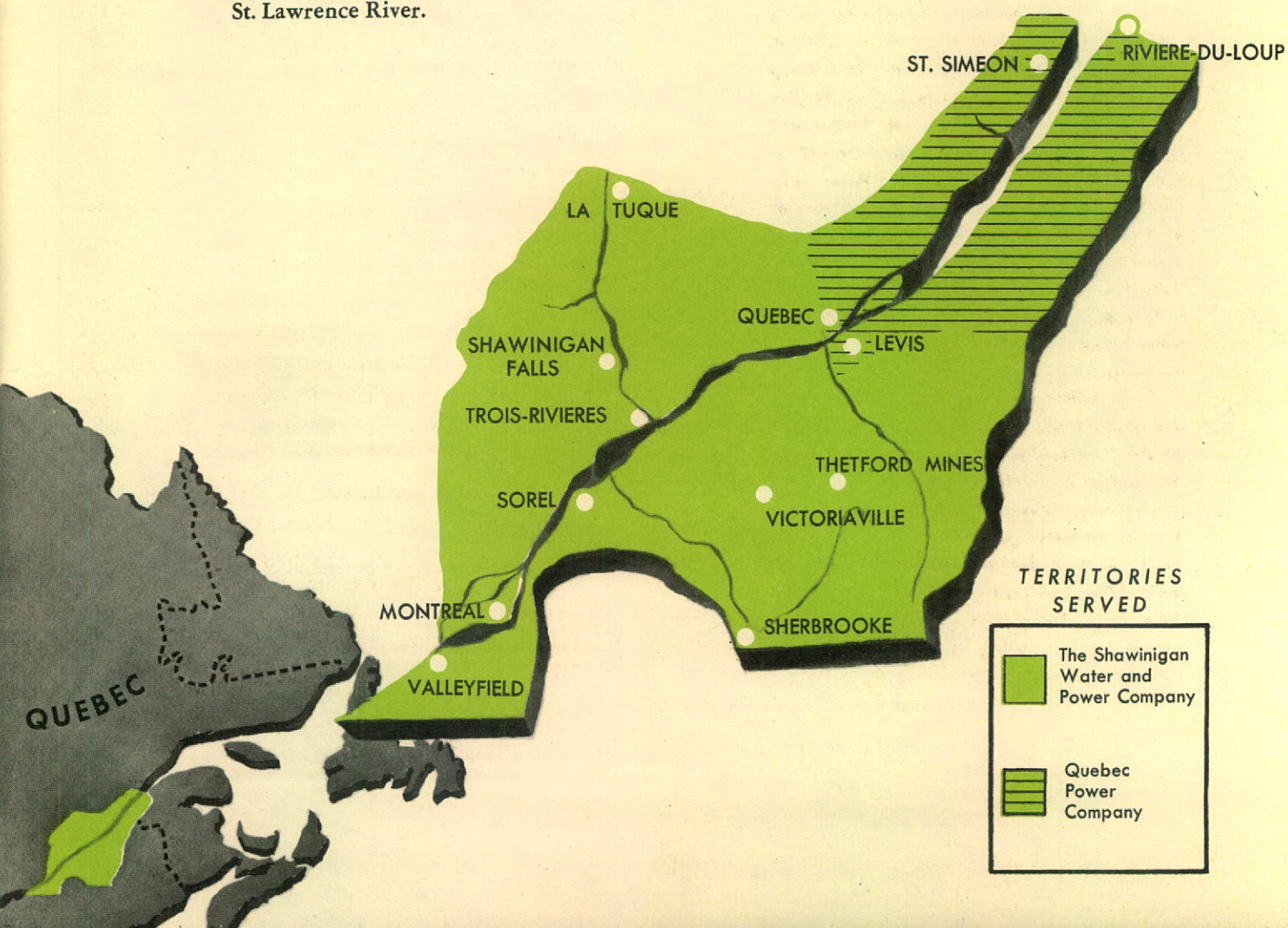
## Contents

	Page
Shawinigan Territory . . . . .	1
Highlights . . . . .	2
The President's Letter . . . . .	3
Operations. . . . .	7
Capital Expenditures . . . . .	11
Engineering and Construction. . . . .	12
Sales Development . . . . .	13
Our Employees. . . . .	14
Changes of Directors and Officers . . . . .	16
Financial Results . . . . .	18
Revenues and Their Disposition. . . . .	20
Financial Position . . . . .	22
Sources and Allocation of Funds. . . . .	22
Earned Surplus Account. . . . .	23
Shawinigan Chemicals Limited	
Operations . . . . .	24
Financial Results . . . . .	25
Capital Expenditures . . . . .	28
Financial Position . . . . .	28
The Outlook for our Chemical Business . . . . .	29
Changes of Directors and Officers . . . . .	30
The Future of our Utility Operations. . . . .	31
The Upward Surge of Industry in Quebec . . . . .	33
Balance Sheet . . . . .	38
Profit and Loss and Earned Surplus Account . . . . .	40
Ten-year Comparative Statement of Profit and Loss Account. . . . .	41
Ten-year Comparative Statement of Assets and Liabilities . . . . .	42
Operating Statistics. . . . .	43
Directors and Officers. . . . .	44

## SHAWINIGAN TERRITORY

The enlarged portion of the map below shows the area of the Province of Quebec served by The Shawinigan Water and Power Company and its subsidiary, Quebec Power Company.

In the 16,000 square miles served by Shawinigan, which includes a large part of the industrialized area of the province, electrical service is provided directly to some 195,000 customers, and to many thousands more through the sale of power at wholesale to other utility systems. Quebec Power Company serves 100,000 customers in another 9,000 square miles. Its territory includes the City of Quebec and extends some 125 miles eastward on both banks of the St. Lawrence River.





# HIGHLIGHTS



## THE SHAWINIGAN WATER AND POWER COMPANY

- System peak load 1,349,100 kilowatts (1,808,445 horsepower), 2.5% over 1951.
- Firm power peak load 1,249,000 kilowatts (1,674,263 horsepower), unchanged.
- Total kilowatthours sold 8,157,924,000, up 8.2%.
- Kilowatthours sold to residential, farm, commercial and municipal consumers increased 14.7%.
- Gross revenue from power sales, \$37,556,711, up 8.4%.
- Earnings per Common Share from power operations \$1.15 *vs.* 96 cents in 1951.
- Total Earnings \$1.91 per Common Share *vs.* \$1.84 in 1951.
- Dividends paid per Common Share \$1.20 regular, plus 25 cents special.
- Diversion of Megiscane and Susie Rivers into St. Maurice watershed completed.
- Exceptionally high rainfall. Water storage reserves up 35.2% at year end.
- 8,732 new customers added.
- New commitments for sale of firm power 62,600 kilowatts (83,900 horsepower).
- Capital expenditures for the year \$8,835,000.
- Water Storage Equalization Reserve of \$524,000 established.

## SHAWINIGAN CHEMICALS LIMITED

- Total sales 10.8% lower. U.S. sales down 31.4%; overseas sales down 35%; Canadian sales up 5.5%.
- Net profit from manufacturing operations decreased 35.4%.
- Total Net Income decreased 38%.
- Total dividends paid \$4.00 per share *vs.* \$5.00 per share in 1951.
- Capital expenditures for the year (including advances to Associated Companies) \$4,381,000.
- Good progress with plant construction for B.A.-Shawinigan Limited and St. Maurice Chemicals Limited.
- Operations of Canadian Resins and Chemicals Limited at lower level.
- Capital expenditures of Canadian Resins and Chemicals Limited \$1,245,000.



## *The President's Letter*

The year 1952 was one of continued progress for our Company. Gross revenue from power operations, total energy sold, peak load, number of customers, and use of electricity by residential and farm consumers all reached new records.

Almost unprecedented rainfall during the summer months greatly increased the amount of water in our storage reservoirs, and made it possible to sell substantial amounts of secondary power for steam generation, as well as to reduce purchases of power. Because the improved earnings which resulted from this situation are not of a regularly recurring nature, it was decided to establish a Water Storage Equalization Reserve. This Reserve will be available to equalize earnings in future periods of sub-normal rainfall.

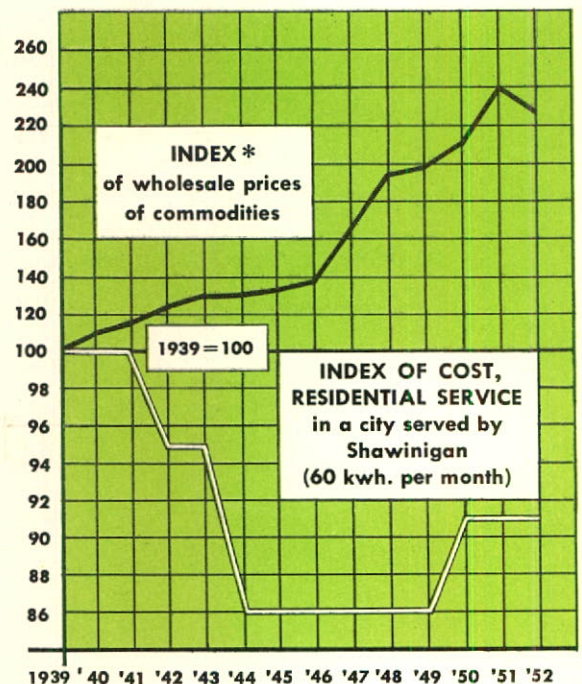
Offsetting these favourable factors, the cost of producing and supplying electric service again increased due to higher wage and salary rates and increased cost of materials and supplies. However, after providing for all expenses, including Depreciation, Bond Interest and Federal Income Tax at the reduced rate applicable to electric utilities in accordance with Income Tax regulations, we are able to report earnings from power operations of \$1.15 per Common Share, compared with 96 cents per Common Share in 1951.

The lower level of business experienced by Shawinigan Chemicals Limited in 1952 resulted in reduced manufacturing profits. Its subsidiary and associated companies in Canada, the United Kingdom and the United States also experienced a reduction in the volume of sales and earnings. There was, however, some improvement in the business of the Chemicals Company during the latter part of the year. The earnings were also adversely affected by the discount on the American dollar, which resulted in a lower net return on sales to the United States and a reduced return from royalties and dividends from United States sources.

There still remains an urgent need for a more adequate return from our large investment in power operations. While this investment has increased 57% in the last six years, the return to the Common shareholder has shown little improvement because electricity prices have not kept pace with rising costs of production, transmission, and distribution. During the same six-year period, general growth in our business resulted in an increase of 77% in gross power revenues, but due to increases in all items of costs, earnings from power operations were only \$1.15 per Common Share in 1952 as against \$1.03 in 1947.

Contracts for large amounts of power are being renewed, as and when they expire, at increased prices, with the result that revenue per kilowatthour from this source is gradually improving. Rates for residential, farm, commercial and small power consumers are still substantially below 1939 levels.

The problem of additional power supply is under constant study and involves continuous re-evaluation of many changing factors. Although the rate of growth of our power load in 1952 was not as great as in the



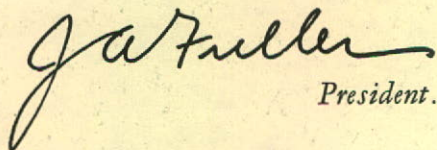
\* DOMINION BUREAU OF STATISTICS

previous year, our studies indicate a steady increase in demand over the years ahead. The recently completed project of diverting the upper reaches of the Megiscane and Susie Rivers into the St. Maurice watershed will augment the power-producing capacity of our existing plants. Interconnection of our system with the plants of the Quebec Hydro Electric Commission on the St. Lawrence River and with the Aluminum Company's Saguenay River plants has assisted all three systems to provide their respective power requirements. Nonetheless, in order to provide for further indicated increases in demand in our territory, new and additional sources of power supply will be required and a decision will have to be reached in 1953 as to the best method of procuring this additional supply.

With regard to capital needs for the normal expansion of our transmission and distribution facilities, we estimate that funds on hand and those which will become available through the Company's operations, will be adequate for these purposes until well into 1955. Additional financing will be required, however, for any new power development and this emphasizes the need, to which I have already referred, for a more adequate return on our investment.

In summary, the past year has been one of sound growth and progress — marked progress in extending and improving our plant and our service to the public, and measurable progress towards the solution of our most serious problems.

All members of our staff have contributed to another year of accomplishment and, on behalf of the Directors, I would like to express our appreciation of their good work throughout the year.

  
*President.*



*The generator room at the 325,000 horsepower Trenché development.*



# 55<sup>th</sup> ANNUAL REPORT

OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 1952

## *Operations*

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### **HIGH RAINFALL—RECORD KILOWATT-HOUR OUTPUT**

Total kilowatthours sold amounted to 8,157,924,000, as against 7,538,421,000 in the previous year. It is interesting to note that this was approximately one-third of the total kilowatthours consumed during 1952 in the Province of Quebec.

Exceptionally heavy rainfall throughout the summer months of 1952 had three favourable results. First, it enabled us to supply, from our own plants, a larger proportion of our customers' primary power requirements, thus reducing our purchases from other suppliers. Our

own generating plants produced 82 per cent of the total kilowatthours sold, which compares with 76 per cent in 1951. Second, we were able to sell a substantial quantity of secondary power for use in steam boilers, the total amount supplied during the year being 880,833,000 kilowatthours against 305,323,000 kilowatthours in 1951. Third, our water storage reserves at the year-end were 35.2 per cent greater than at the end of 1951.

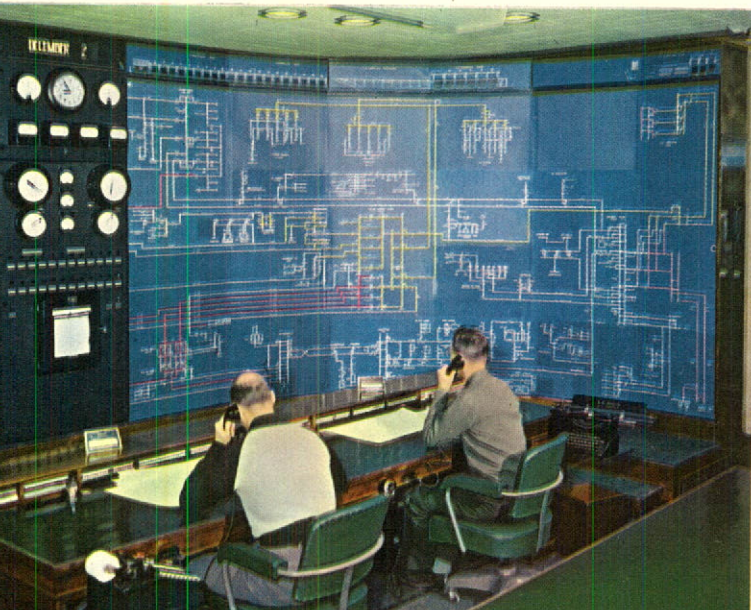
These results illustrate strikingly how much the Company's output of electricity depends upon the rainfall and snowfall in the watershed

of the St. Maurice River, and upon the collecting and holding back of water in reservoirs in order to maintain a steady flow in the river throughout the year. Regulation of the riverflow is determined at our system operating office at Shawinigan Falls, a picture of which appears on this page. Here the system operators arrange for the release of the necessary volume of water from the storage reservoirs so that it will be available at the generating stations when required. They also determine how the total electrical load is to be shared

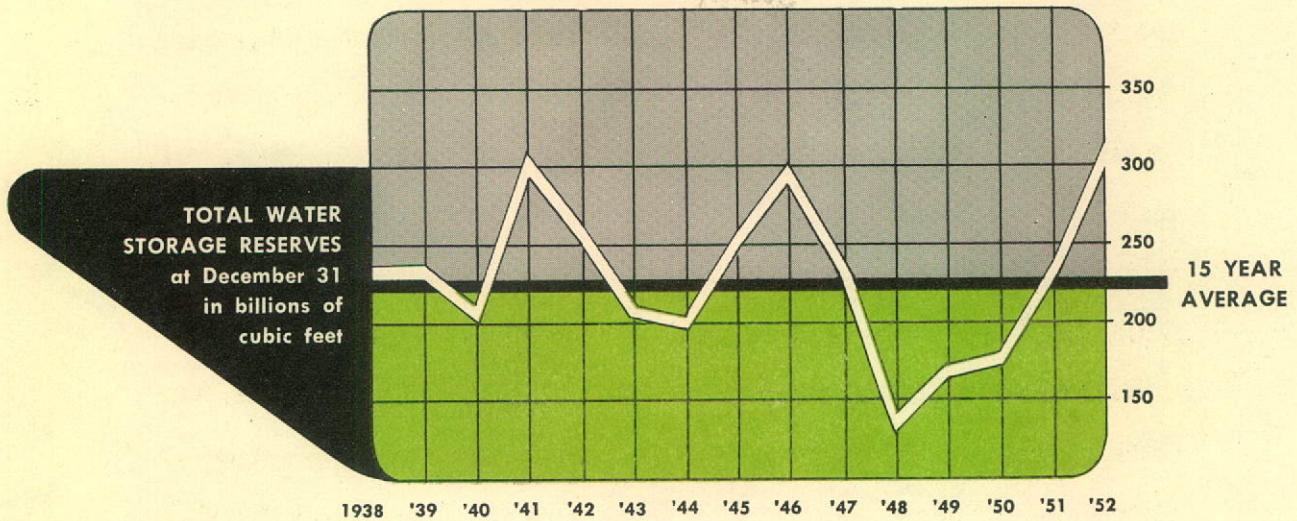
amongst the different generating stations, to provide the most efficient use of available water at each station. Centralized control of six large developments, spaced over some 122 miles of river, each in turn using the same water to generate hundreds of thousands of horsepower, presents many intricate problems. Happily it also provides an almost unique opportunity to derive the maximum amount of useful energy from the river at the highest possible degree of efficiency.

**INDUSTRIAL ACTIVITY STILL HIGH** The level of industrial operations in all parts of our territory was generally well maintained, although the rate of load growth was not as great as in 1951. In spite of reduced power requirements of certain industries, notably textiles and chemicals, total kilowatthours supplied to industrial customers were 8.2 per

*The System Operating Office at Shawinigan Falls — the nerve-centre of the Shawinigan system.*



## WATER STORAGE RESERVES



cent higher than in the previous year. The peak load on the Company's system, which is influenced largely by the degree of industrial activity reached a record 1,349,100 kilowatts (1,808,445 horsepower), as compared to 1,316,800 kilowatts (1,765,147 horsepower) in the previous year.

Additional commitments for firm power during the year, including revisions of existing contracts and contracts with new industries and others, amounted to 62,600 kilowatts (83,900 horsepower).

**THE DISTRIBUTION BUSINESS** There was an increase of 14.7 per cent in the amount of electricity supplied to residential, farm, commercial, and municipal customers. Smaller industrial power customers, numbering 3,254, are also supplied from our distribution systems, and there was a slight increase in kilowatt-hours supplied to this group. During the year, 8,731 new customers were connected to our distribution lines. The total number served at the end of the year was 194,948 in 591 municipalities, as against

186,217 customers in 590 municipalities at the end of last year. A number of new rural lines were placed in service during the year, bringing the total of such lines built since 1946 to 5,243 miles.

The average annual consumption of our residential and farm customers again increased. This steadily rising use of electricity is an encouraging reflection of our efforts to make the public aware of the great benefits of electric service.

The distribution or so-called retail part of the Company's business has assumed increasing significance in recent years. It now provides 32 per cent of the Company's total revenue from sales of electricity, and 54 per cent of all Company employees are engaged in distribution operations.

**MAINTENANCE** In view of the essential nature of the service which the

Company provides, it is obviously necessary to maintain the Company's plants and equipment in first-class condition at all times. During 1952 our expenditures for this purpose totalled \$3,117,962, which compares with \$2,783,343 in 1951. Among the larger items of work carried out during the year were the repairing of the upper sections of three of the five penstocks at No. 2 Powerhouse at Shawinigan Falls, and the overhaul of two of the horizontal turbines in that powerhouse. Other maintenance work carried out included rewinding of two generators at other plants, and general repair work throughout the system.

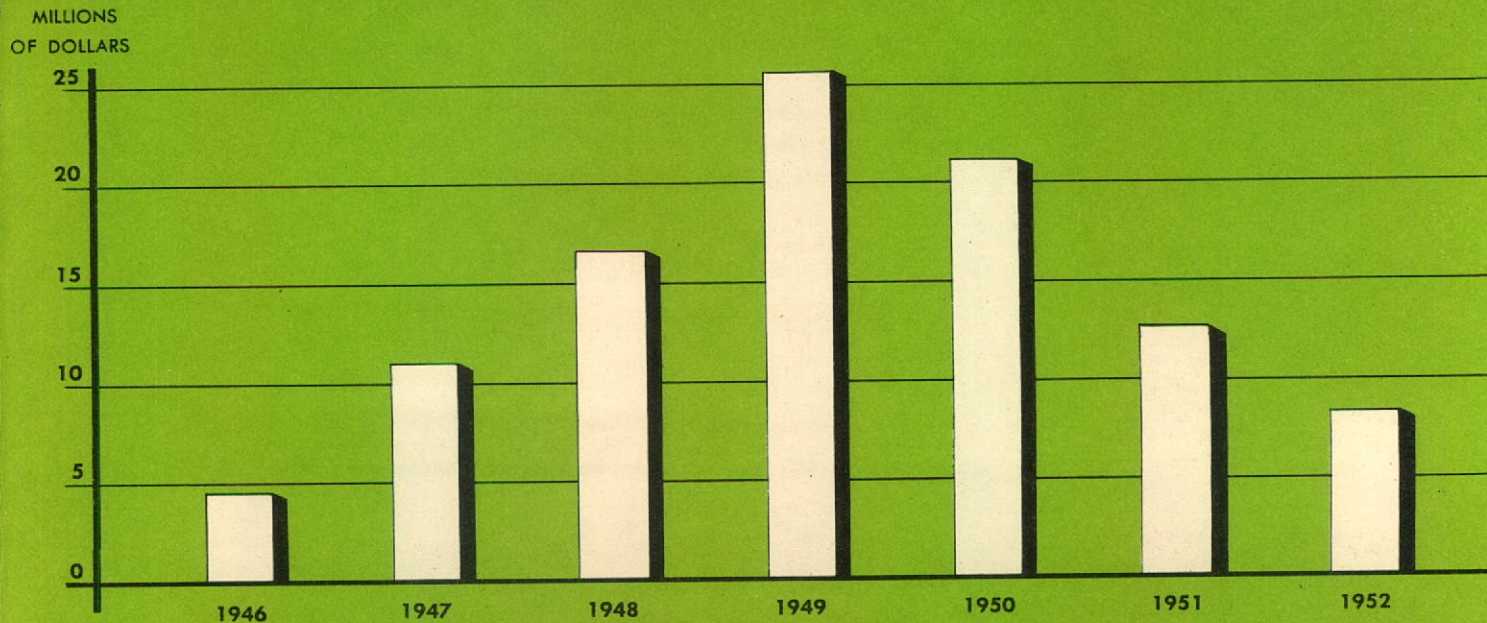
**OPERATING STATISTICS** On page 43 of this report is a tabulation of principal operating statistics covering the six post-war years from 1947 to 1952.

# Capital Expenditures

Total expenditures on capital account during the year were \$8,835,000, somewhat lower than in 1951. This sum included \$1,399,561 to complete the work of raising the voltage of the Quebec-Ile Maligne lines and installing the necessary terminal facilities at Ile Maligne and Quebec City; \$584,428 for the construction of a new 110,000-volt transmission line from Sorel to Varennes to serve the new

plant of The Electric Reduction Company Limited and other industries which may locate in that area; and \$6,851,011 for other general improvements and additions to our plant and equipment, including construction of a new high-voltage substation at Donnacona and distribution sub-stations at Cap de la Madeleine, Beauharnois, Ste. Marie de Beauce, Trois-Rivières and L'Assomption.

## C A P I T A L E X P E N D I T U R E S



# Engineering and Construction

Our wholly-owned subsidiary, The Shawinigan Engineering Company Limited, carried out the larger engineering and construction projects for our Company. In addition, on behalf of the Department of Hydraulic Resources of the Provincial Government, the Engineering

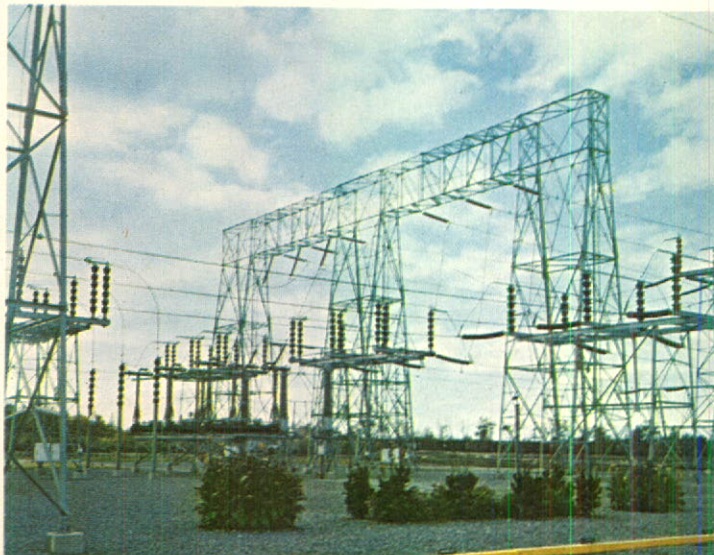
Company carried out the work of diverting the upper reaches of the Megiscane and Susie Rivers into the St. Maurice watershed.

It has also been engaged in a variety of work for other companies, including engineering work for two generating stations on the Peribonka River for the Aluminum Company of Canada, construction of the new plant of St. Maurice Chemicals Limited at Varennes, and extensions to the plants of Canadian Resins and Chemicals Limited at Shawinigan Falls. Further detailed studies of three of the undeveloped power sites on the

*A diamond-drill crew on a survey of the Upper St. Maurice River power sites.*



*The high-voltage bus structure and other elaborate equipment installed at the new Sorel Terminal Station.*



Upper St. Maurice River, at Rapide Allard, Rapide du Lièvre and Rapide des Coeurs, are being made to determine whether one of these

sites, or that at Rapide Sans Nom, just above La Tuque, would be the most advantageous as the next site to be developed when necessary.

## Sales Development

Our efforts in developing the market for electrical services were actively continued throughout the year. Our Research Department continued its work of studying and developing new processes which would require the use of large quantities of power. Our Industrial Development Department had a very active year, working with industrialists to interest them in the establishment of new plants in our territory. Largely through these efforts, 51 new plants were established during the year. Many industrial plants used the advisory services of our industrial specialists to improve and increase their use of electricity in industrial processes. Our lighting advisors assisted many store owners and other commercial customers in the installation of

proper lighting equipment. Increased efforts were made in co-operation with electrical appliance dealers throughout our territory to further the development of electric cooking and adequate wiring in the home. A jointly sponsored range sales campaign carried out during the year exceeded expectations and resulted in the sale of 2,910 electric ranges during a period of six months.

Farmers, individually and through group meetings, were assisted and advised by our staff of agronomists in the application of electricity for the improvement of their farm operations. As a service to the farming communities in our territory, we conduct each year electricity courses in the intermediate agricultural colleges and

for groups of young farmers. In these courses instruction is given in the principles and uses of electricity. In addition, we hold competitions throughout the territory among farmers' children, members of the Cercles des Jeunes Agriculteurs, and 4-H Clubs, on the subject of utilization of electricity on the

farm. We have found a very gratifying response to these activities.

Continuous advertising was carried on through newspapers, magazines, pamphlets, and other media, stressing the benefits of electric service and giving information about new and improved electrical appliances and equipment.

## Our Employees

We have stated before our belief that a business organization, regardless of the excellence of its plant and material resources, is essentially a group of people. It is therefore fitting that we should tell something about the body of loyal employees who have in large degree made the past year's progress possible.

At the end of 1952, regular employees of the Company numbered 2,260, and in addition there were 3,501 regular employees in subsidiary and associated companies. Of the employees of our Company

1,227 are engaged in the general operation and maintenance of our widespread system: another group numbering 301 are engaged in office and clerical duties in offices and plants outside Montreal; the wages and working conditions of these two groups are governed by collective labour agreements. A third group of 396 are supervisory staff in field offices and plants, i.e., foremen, superintendents, divisional managers, and others, while the remaining 336 are supervisory and general staff in the head office in Montreal.



The chart on the following page shows the service record of our employees, and it is of particular interest to note that over one-third have 15 years' service or longer; the average service of all employees is over 12½ years.

At the end of 1952, there were 126 former employees of the Company, and a further 283 former employees of subsidiary and associated companies, on pension.

During the past year, our employees received for their services a total of \$9,607,899, including vacations with pay, the Company's contributions to the Retirement Income Plan, group life insurance and other employee benefits.

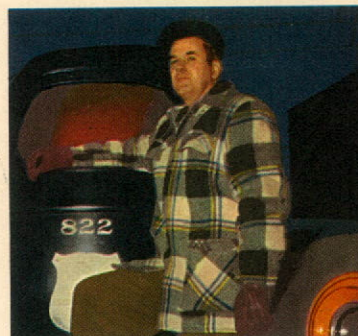
Pictured on these pages are some, but not by any means all of the types of work done by our employees in carrying out the Company's task of



*Electrical Foreman*



*Meter Reader*



*Truck Driver*



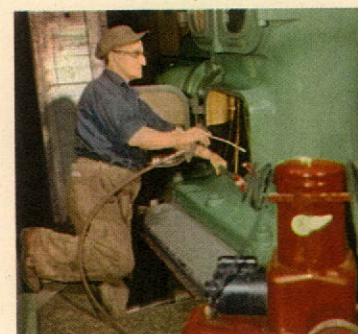
*Powerhouse Operator*



*Powerhouse Operator*



*Telephone Operators*



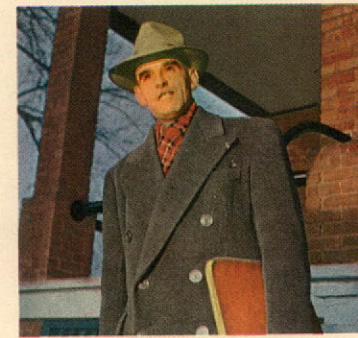
*Powerhouse Maintenance Man*



*Stenographer*



*Draughtsman*



*Rural Advisor (Agronomist)*



*Lineman*

25 YEARS  
AND OVER

16.1%



## YEARS OF SERVICE OF OUR EMPLOYEES

EACH FIGURE REPRESENTS 100 EMPLOYEES

15 TO 24  
YEARS

17.3%



5 TO 14  
YEARS

43.6%



UNDER 5  
YEARS

23.0%



supplying reliable twenty-four hour electrical service, three hundred and sixty-five days a year, to 194,987

customers throughout 16,000 square miles of the Province of Quebec.

## Changes of Directors and Officers

During the year, there were two changes in the Board of Directors. On April 1, Mr. J. B. Challies retired as Senior Vice-President of the Company, and as a Director. Mr. Challies had a distinguished career with the Company, and before that, with the Water Power and Reclamation Service of the Federal Government. He is a recognized authority on Canadian and international water power matters. To fill the vacancy on the Board created by Mr. Challies' retirement, Mr. Raymond Dupuis,

Q.C., of Montreal, was appointed a Director. In December, in view of his appointment to the high office of Associate Chief Justice of the Province of Quebec, Mr. W. B. Scott, Q.C., tendered his resignation as a Director and was replaced by Mr. W. F. Macklaier, Q.C.

In April, Mr. W. F. Mainguy, formerly Vice-President, Distribution, was appointed Executive Vice-President, and Mr. A. C. Abbott, Manager of the Commercial and Distribution Department, was appointed Vice-President, Distribu-

tion. Mr. Gordon D. Hulme, Manager of the Public Relations and Advertising Department, was appointed Assistant Vice-President.

At the end of the year, Mr. George Campbell, Assistant Vice-President, retired after thirty-nine years of service during most of which time he was in charge of all the Company's purchasing activities. Mr. L. McGillis, Manager of Purchasing, was appointed Assistant Vice-President. Also at the year-end, Mr. A. L. J. Baribeau, Assistant Vice-President, retired after twenty-two years of service with the Company in the field of municipal and government relations. Mr. François Roy has been

appointed Assistant Vice-President to succeed Mr. Baribeau.

Mr. J. A. McCrory, Chairman of the Board of The Shawinigan Engineering Company Limited, retired at the end of the year, after thirty-six years of service. He was for many years Chief Engineer, and then President, of the Engineering Company, and played a large part in the design and construction of most of Shawinigan's St. Maurice River developments. Two new appointments were made in the Engineering Company in December. Mr. A. L. Patterson, formerly Chief Engineer, was appointed a Vice-President, and Mr. Guy R. Rinfret, formerly Supervising Engineer, succeeded him as Chief Engineer.

*THE MANAGEMENT COMMITTEE — Left to right: - A. C. Abbott, Vice-Pres., Distribution. W. R. Way, Vice-Pres., Generation and Transmission. R. E. Hertz, Pres., Shawinigan Engineering Co. J. A. McCrory, Chairman of the Board, Shawinigan Engineering Co. W. F. Mainguy, Executive Vice-Pres. J. A. Fuller, President. R. J. Beaumont, Chairman of the Board. P. S. Gregory, Vice-Pres., Power Sales. E. D. Gray-Donald, Vice-Pres., and Chief Engineer. N. P. Woods, Vice-Pres., Finance, and Treasurer. G. D. Hulme, Asst. Vice-Pres.*



# Financial Results

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Revenue from sales of electricity in 1952 reached an all-time peak of \$37,556,711, an increase of 8.4% over 1951. Sales to industrial customers were 7.7% higher, in spite of some recession in the textile and chemical industries. Sales to the pulp and paper companies increased 14%, due in part to the increased consumption of primary power and in part to the sale of large quantities of secondary power for the generation of steam. Sales to the electro-chemical and metallurgical industries were at a slightly lower level. Sales to other industrial customers were 7.4% higher than in 1951, and to residential, farm, commercial, and municipal consumers were 12.2% higher.

Dividends from subsidiary and other companies were 13.3% lower than in 1951, due principally to the reduction from \$2.00 to \$1.00 per share in the extra dividend paid by Shawinigan Chemicals Limited. Total dividends received from that

company for the year were \$4.00 per share or \$1,125,100 as against \$5.00 per share or \$1,406,375 in the previous year.

Operating expenses, other than Depreciation, were 7.3% higher. Contributing factors were higher wage levels, further increases in the prices of materials and supplies, and increased municipal taxes and water rentals. The amount paid for purchased power, however, was 10.1% lower, due to abnormal rainfall which permitted a larger proportion of our load to be supplied by our own generating stations. In view of the increased value of Fixed Assets resulting from capital expenditures, the provision for Depreciation, charged to Profit and Loss Account, was increased from \$5,600,000 to \$6,142,000, of which \$142,000 represented Special Depreciation applicable to the cost of raising the voltage of the Quebec-Ile Maligne lines. Provision for Income and Profits Taxes totalled

\$4,126,000, as compared with \$4,091,000 in 1951.

At the end of the year no decision had been handed down by the Exchequer Court in the appeal of the Minister of National Revenue against the ruling of the Income Tax Appeal Board in June 1951, which allowed as a deductible expense for Income Tax purposes amounts paid to the Provincial Government from 1947 to 1952 under "An Act to Insure the Progress of Education". We are therefore continuing to provide for Federal Income Tax on the basis of disallowance of these payments.

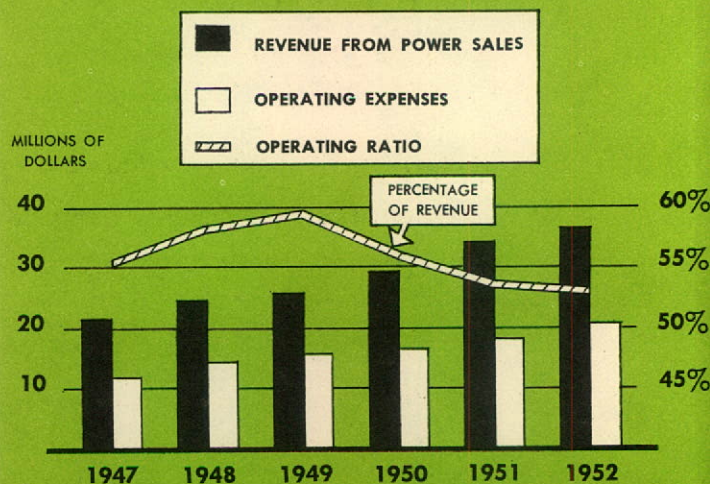
In view of the fact that increased revenue resulting from the favourable water conditions in the St. Maurice valley was due to abnormally high rainfall during the summer and was therefore not of a regularly recurring nature, it was decided to set up a Water Storage Equalization Reserve to offset a possible reduction in earnings resulting from periods of subnormal rainfall in the future. Accordingly, an

amount of \$1,000,000, less applicable Income and Profits Taxes, or a net amount of \$524,000, was transferred to that Reserve. After all charges and after making provision for dividends on the Preferred Shares, Net Earnings from all sources on the Common Shares totalled \$1.91 per share as against \$1.84 per share in 1951.

Regular quarterly dividends totalling \$1.20 per share were paid during the year on the Common Shares, and in addition, a special dividend of 25 cents per share was paid at the end of the year.

A comparative analysis of revenues and their disposition for the years 1952 and 1951 appears on the following pages:

#### RATIO OF OPERATING EXPENSES (excluding Provision for Depreciation) TO REVENUE FROM POWER SALES

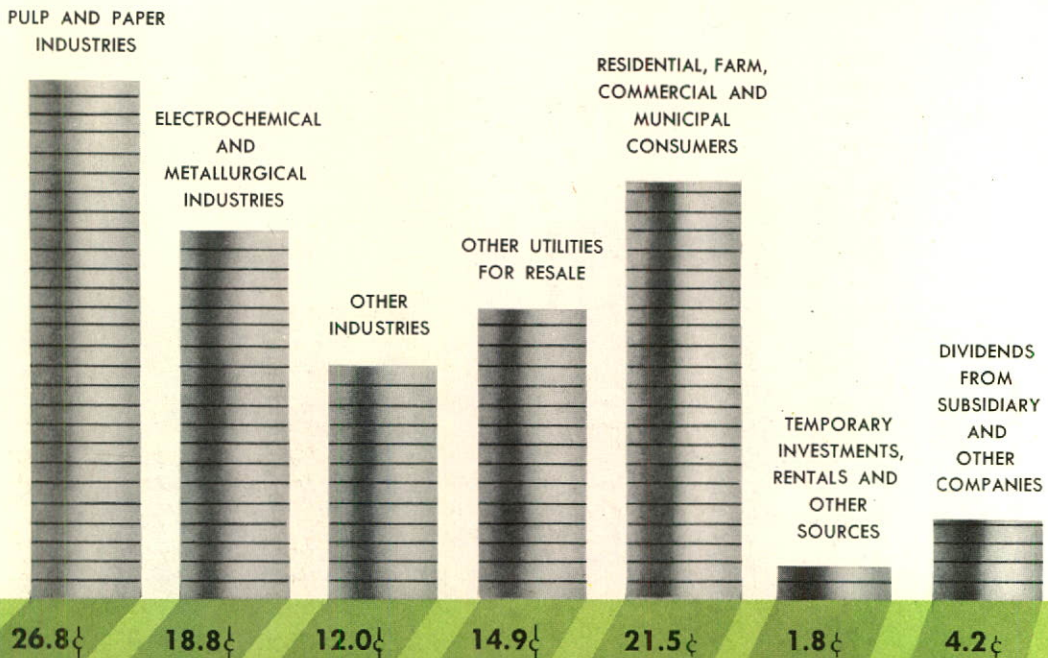


# REVENUES

WE RECEIVED:	1952	1951	Increase
FROM OUR CUSTOMERS FOR POWER AND ELECTRICITY:			
INDUSTRIES—Pulp and Paper.....	\$10,709,708	\$9,395,189	14.0%
Electrochemical and Metallurgical....	7,517,089	7,525,402	.1%*
Other Industries.....	4,802,258	4,470,325	7.4%
<b>TOTAL FROM INDUSTRIES.....</b>	<b>23,029,055</b>	<b>21,390,916</b>	<b>7.7%</b>
OTHER UTILITIES FOR RESALE.....	5,956,443	5,620,121	6.0%
SALES TO RESIDENTIAL, FARM, COMMERCIAL AND MUNICIPAL CUSTOMERS.....	8,571,213	7,640,157	12.2%
<b>TOTAL REVENUES FROM POWER SALES.....</b>	<b>37,556,711</b>	<b>34,651,194</b>	<b>8.4%</b>
FROM TEMPORARY INVESTMENTS, RENTALS AND OTHER SOURCES.....	738,378	896,951	17.7%*
DIVIDENDS FROM SUBSIDIARY AND OTHER COMPANIES...	1,664,601	1,920,876	13.3%*
<b>TOTAL REVENUES.....</b>	<b>\$39,959,690</b>	<b>\$37,469,021</b>	<b>6.6%</b>

\*Decrease

The revenue dollar.....



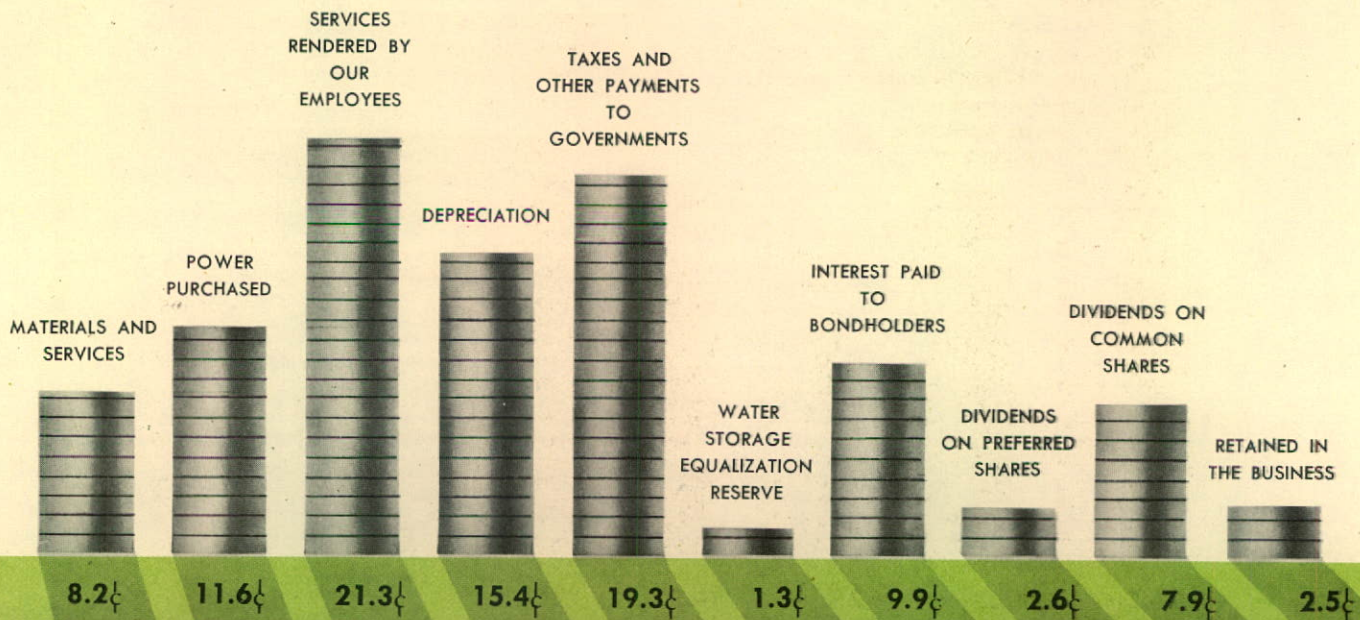
## DISPOSITION OF REVENUES

	1952	1951	Increase
MATERIALS AND SERVICES BOUGHT FROM OTHERS.....	\$3,290,566	\$3,080,361	6.8%
POWER PURCHASED.....	4,653,183	5,173,029	10.1%*
†SERVICES RENDERED BY OUR EMPLOYEES, INCLUDING BENEFITS	8,499,857	7,229,687	17.6%
<b>PAYMENTS TO GOVERNMENTS:</b>			
Income Tax payable to Federal Government	\$3,547,500	3,590,000	
Profits Tax payable to Province of Quebec	578,500	501,000	
Water Rentals.....	1,012,409	977,607	
Property, School and other levies.....	2,579,680	2,204,265	
	7,718,089	7,272,872	6.1%
<b>PROVISION FOR REPLACEMENT OF PLANT AND EQUIPMENT:</b>			
Normal Depreciation.....	6,000,000	5,600,000	
Special Depreciation—Ile Maligne Lines..	142,000	—	
	6,142,000	5,600,000	9.7%
<b>PROVISION FOR WATER STORAGE EQUALIZATION RESERVE OF \$1,000,000, LESS INCOME AND PROFITS TAXES APPLICABLE.....</b>			
	524,000	—	—
<b>PAID FOR THE USE OF MONEY INVESTED IN THE BUSINESS:</b>			
Amount paid as interest to Bondholders...	3,938,494	4,067,496	
Dividends on Preferred Shares.....	1,025,000	1,025,000	
Dividends on Common Shares.....	3,158,462	3,158,462	
	8,121,956	8,250,958	1.6%*
	38,949,651	36,606,907	6.4%
RETAINED IN THE BUSINESS FOR FUTURE NEEDS.....	1,010,039	862,114	
	\$39,959,690	\$37,469,021	

†Excluding wages and salaries charged to capital and other accounts.

\*Decrease

..... and its disposition



# Financial Position

The Company's Balance Sheet as at December 31, 1952, with comparative figures for 1951 will be found on pages 38 and 39. There was an increase of \$7,531,969 in Fixed Assets resulting from capital expenditures made during the year. Net Current Assets were \$336,228 lower due to the fact that total

capital expenditures were greater than the funds which became available to the Company from the year's operations. Funded Debt was reduced by \$1,347,000 through the operation of the Sinking Fund; no new financing was carried out during the year.

# Sources and Allocation of Funds

The following statement indicates the monies which became available to the Company during the years 1952 and 1951 and how these funds were utilized:

	1952	1951
WORKING CAPITAL, JANUARY 1.....	\$14,788,793	\$20,550,190
SOURCES OF FUNDS:		
Net Profit for the year.....	\$5,193,501	5,045,576
Depreciation and Amortization.....	6,211,076	5,669,075
Refunded portion of Excess Profits Tax...	—	294,823
Disposal of Fixed Assets.....	295,368	405,223
Advances received re construction of transmission lines.....	578,550	1,282,000
Reduction in provision for Income Tax resulting from additional Capital Cost Allowance (\$3,000,000) charged to Earned Surplus Account.....	1,217,000	—
Water Storage Equalization Reserve, less Income and Profits Taxes applicable....	524,000	—
Miscellaneous items.....	277,060	244,361
	<u>14,296,555</u>	<u>12,941,058</u>
TOTAL FUNDS.....	29,085,348	33,491,248
ALLOCATION OF FUNDS:		
Capital expenditures for the year.....	8,835,000	12,917,000
Additions to Stores and Moveable Plant..	267,321	297,993
Bonds redeemed under sinking fund provisions.....	1,347,000	1,304,000
Dividends—Preferred Shares.....	1,025,000	1,025,000
Common Shares.....	3,158,462	3,158,462
	<u>14,632,783</u>	<u>18,702,455</u>
WORKING CAPITAL, DECEMBER 31.....	<u>\$14,452,565</u>	<u>\$14,788,793</u>



# Earned Surplus Account

At the end of the year certain adjustments were made in Earned Surplus Account as set out in the statement below:

## For the Year Ended December 31, 1952

SURPLUS CARRIED FORWARD FROM PREVIOUS YEAR.....		\$9,775,637
TRANSFERRED FROM CONTINGENT AND INSURANCE RESERVES.....		1,527,381
<p>Of this amount \$1,000,000 represents Insurance Reserve set up in past years, which, due to insurance coverages now carried, is no longer considered necessary. The balance of \$527,381 represented the proportion of Contingent Reserve no longer considered necessary.</p>		
NET PROFIT TRANSFERRED FROM PROFIT AND LOSS ACCOUNT.....		5,193,501
		<u>16,496,519</u>
<i>Deduct:</i>		
AMORTIZATION OF BOND PREMIUM, DISCOUNT AND EXPENSE.....		224,338
ONE TENTH OF ADDITIONAL COST FOR PAST SERVICE, EMPLOYEES' RETIREMENT INCOME PLAN (SEVENTH ANNUAL PAYMENT).....		72,370
MAXIMUM CAPITAL COST ALLOWANCE (DEPRECIATION) FOR 1952 IN EXCESS OF THE NORMAL PROVISION CHARGED TO PROFIT AND LOSS ACCOUNT.....	\$3,000,000	
Less: Reduction in Provision for Income Tax.....	<u>1,217,000</u>	
		1,783,000
<p>The Provision for normal Depreciation of \$6,000,000 charged to Profit and Loss Account for the year is in accordance with the Company's policy of writing off its depreciable Fixed Assets over their expected life on a straight line basis. Under the regulations of the Income Tax Act, however, permissible normal Capital Cost Allowance (Depreciation) is estimated at an approximate amount of \$9,000,000. By recording this maximum allowance and charging the excess of \$3,000,000 to Earned Surplus Account, a saving of \$1,217,000 was effected in the amount of Federal Income Tax payable for 1952. A net amount of \$1,783,000 was therefore charged to Earned Surplus Account.</p>		
DIVIDENDS ON PREFERRED SHARES.....		1,025,000
DIVIDENDS ON COMMON SHARES.....		3,158,462
		<u>6,263,170</u>
EARNED SURPLUS AS PER BALANCE SHEET.....		<u>\$10,233,349</u>

## *Operations of our subsidiary*

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### *Shawinigan Chemicals Limited*

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Operations of the Chemicals Company, except for the Stainless Steel Division, were at a lower level than in 1951. This resulted partly from a recession in the textile industry, which uses substantial quantities of the Company's products, and from a reduction in the volume of export business, particularly to the United States and the United Kingdom. Towards the end of the year there was some improvement in the volume of sales. During the year, a substantial amount of work was done by the Sales Department with a view to developing additional outlets in the Canadian market for the Company's products, and for products to be manufactured by the new associated companies, B.A.-Shawinigan Limited and St. Maurice Chemicals Limited.

In the Stainless Steel Division operations were at the highest level ever recorded, due to increased demand for castings resistant to corrosion, acid and heat. New manufacturing facilities entailing a large addition to the foundry at Shawinigan Falls were required to increase production capacity of castings made of a special alloy steel developed by the Stainless Steel

Division of the Company, and now being supplied to Canadian aircraft factories manufacturing jet engines.

The Company's new quarry at Bedford, which was opened in 1951, was further developed and operated successfully throughout the year. The limestone produced was of excellent quality for the Company's carbide manufacturing operations.

Good progress was made with construction of the plants of the two new associated companies, B.A.-Shawinigan Limited and St. Maurice Chemicals Limited. Both plants are scheduled to start production during the spring of 1953.

Operations of Canadian Resins and Chemicals Limited were also at a lower level than in 1951, due principally to a reduction in sales to export markets. A concentrated effort was made to increase sales outlets in the Canadian market and the volume of domestic sales of film, sheeting, and granular compounds exceeded that of the previous year.

Progress was made with construction of the additions to the Resins Company's plant at Shawinigan Falls referred to in last year's report. The installation of the

third calender line in the compounding plant, although somewhat retarded by delays in deliveries of equipment, is expected to be completed early in 1953. Construction of the new resin manufacturing plant,

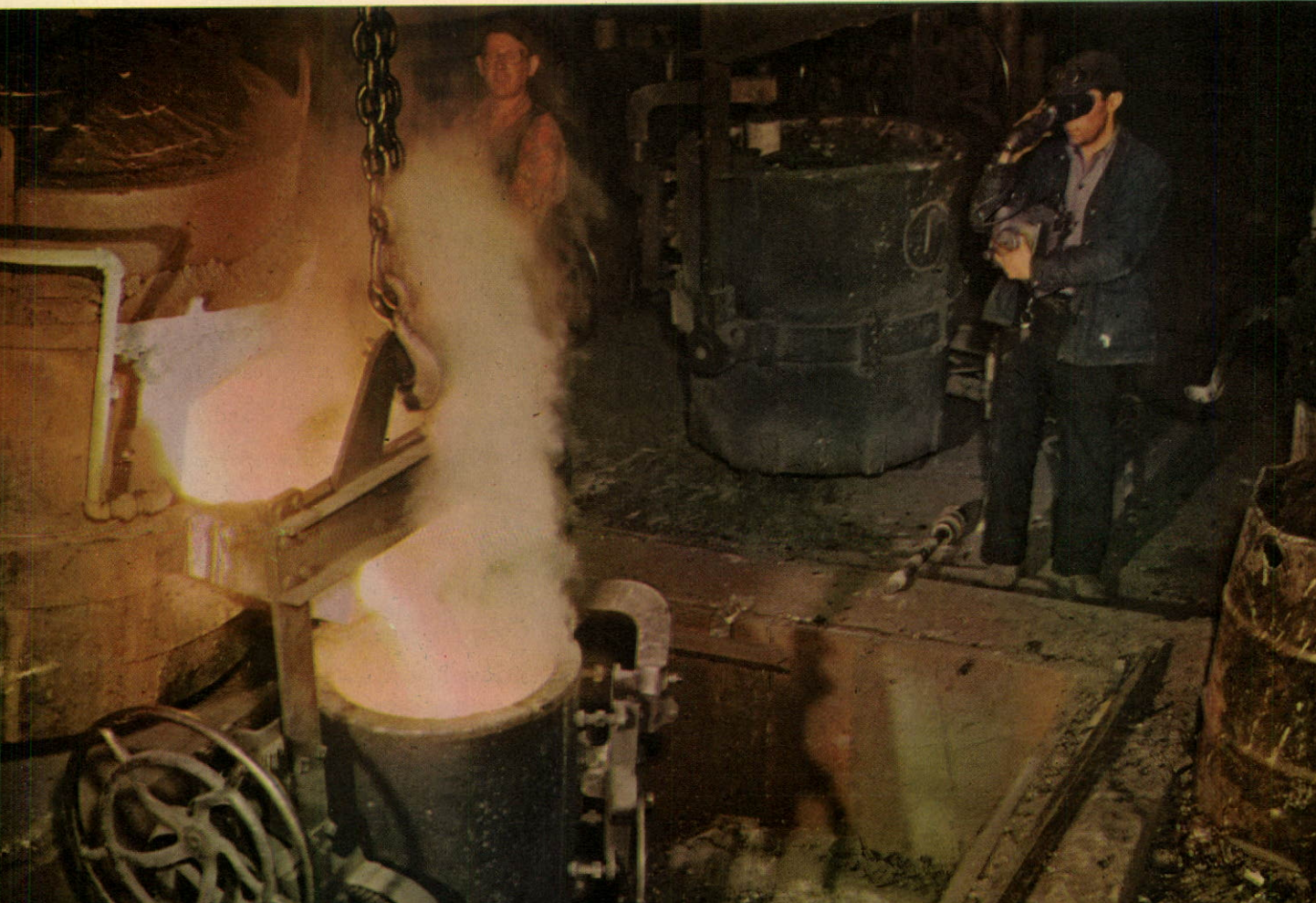
which is designed to produce types of resins not previously manufactured in Canada, was started early in 1952 and the plant is expected to commence operations about the middle of 1953.

### *Sales and Earnings from Manufacturing Operations*

Total sales were 10.8% lower than in the record year of 1951. In the Canadian market, sales were 5.5% higher partly due to the higher volume of business of the Stainless Steel Division, and in part to an increase in the general demand for some

of the Company's other products. Sales to the United States market, however, were 31.4% lower, and in the overseas markets, 35% lower than in 1951. In the United States, sales of vinyl acetate, acetic acid and calcium carbide were all at a lower

*Tapping an electric furnace at the Chemicals Company's stainless steel foundry at Shawinigan Falls.*



level; in overseas markets, shortage of dollars in importing countries was responsible for the reduction in volume. In addition, the discount on U.S. funds in relation to the Canadian dollar, which prevailed during a large part of the year, reduced the net return from sales in the United States market.

The provision for Depreciation of \$1,340,709, which is included in manufacturing costs, is the maximum amount

allowable under the Income Tax Act, 1949. Provision for Income and Profits Taxes was 48.3% lower than in 1951, due to lower taxable income. After deducting all expenses, net profit from manufacturing operations was \$968,290, as compared with \$1,499,153 in 1951.

A comparative statement of sales and earnings of the Chemicals Company for the years 1952 and 1951 appears below.

## Income from other Sources

### SHAWINIGAN LIMITED, LONDON,

ENGLAND While the volume of the Chemicals Company's products sold by this wholly-owned subsidiary was mark-

edly lower than in 1951 owing to dollar shortages, total sales volume was well maintained by means of its trading operations in the products of other British and

### Comparative Statement of Sales and Earnings

	1952	1951
INCOME FROM SALE OF PRODUCTS.....	\$20,836,687	\$23,352,262
The cost of making and selling these products was...	18,803,221	19,394,584
<i>Note: Included in this cost is an amount of \$1,340,709 (\$1,166,195 in 1951) to provide for replacement of plant and equipment (Depreciation).</i>		
	2,033,466	3,957,678
Special appropriation towards increased cost of replacements and other contingencies.....	—	400,000
This left earnings on manufacturing operations before Income and Profits Taxes of.....	2,033,466	3,557,678
Estimated proportion of such taxes payable on manufacturing operations.....	1,065,176	2,058,525
THIS LEFT A PROFIT ON MANUFACTURING OPERATIONS OF....	968,290	1,499,153
Income from investments in subsidiary and associated companies, royalties on patents and other sources.....	\$1,070,032	1,760,997
Estimated proportion of Income and Profits Taxes payable on this income..	264,824	401,475
	805,208	1,359,522
NET INCOME FROM ALL SOURCES THEREFORE WAS.....	1,773,498	2,858,675
Dividends paid to the parent company for use of money invested in the business.....	1,125,100	1,406,375
BALANCE RETAINED IN THE BUSINESS FOR FUTURE NEEDS....	\$648,398	\$1,452,300

European manufacturers. Net profit (subject to audit) for the year was £16,039 as against £25,348 in 1951. Dividends received by Shawinigan Chemicals Limited for the year totalled \$47,652, after conversion at rates of exchange prevailing at the time payments were received.

**SHAWINIGAN PRODUCTS CORPORATION, NEW YORK CITY**

This company is also a wholly-owned subsidiary of Shawinigan Chemicals Limited and acts as sales agent in the United States for products of the Chemicals Company and of its associated companies, Shawinigan Resins Corporation of Springfield, Mass., and Midwest Carbide Company of Keokuk, Iowa.

Sales and earnings both of Shawinigan Products Corporation and of its associated companies were at a lower level than in 1951. In view of the large capital expenditure program of Shawinigan Resins Corporation, and because of lower earnings, its dividends were reduced and the total received from this source by Shawinigan Products Corporation in 1952 was \$143,000 U.S. funds as compared with \$214,500 U.S. funds for 1951. Total net earnings of the Products Corporation (subject to audit) were \$413,500, as compared with \$540,711 in 1951.

Dividends paid by Shawinigan Products Corporation to the Chemicals Company

during 1952 totalled \$344,000 U.S. funds, the same as in 1951, but the net amount received in Canadian dollars was lower owing to the discount on U.S. funds.

**CANADIAN RESINS AND CHEMICALS LIMITED**

This company, which is jointly owned by the Chemicals Company and Union Carbide and Carbon Corporation, New York, experienced a lower volume of business during 1952. Because of lower earnings and in view of large capital expenditures in connection with its expansion program, dividends were reduced. The total received by the Chemicals Company from this source was \$154,350, as compared with \$493,920 in 1951.

**INCOME FROM ROYALTIES**

The amount received in 1952 by way of royalties on patents owned by the Chemicals Company totalled \$489,468 Canadian funds, as compared with \$761,720 Canadian funds in 1951. In the latter year, however, in addition to receiving the full amount of the royalties earned in 1950, the Company also received a greater part of royalties earned in 1951. Furthermore, as most of the royalties are received from companies operating in the United States, the net return in Canadian funds in 1952 was adversely affected by the discount on U.S. funds.

## Net Earnings and Dividends

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After deducting \$264,824 for estimated Income and Profits Taxes payable on revenue derived from sources other than manufacturing operations, net income from this source totalled \$805,208, as compared with \$1,359,522 in 1951. Adding the net profit of \$968,290 derived from manufacturing operations, total net income of Shawinigan Chemicals Limited available

for dividends amounted to \$1,773,498, as compared with \$2,858,675 in 1951. Regular dividends of \$3.00 per share were paid during the year, and an extra dividend of \$1.00 per share during the final quarter, making a total of \$4.00 or \$1,125,100, as compared with \$1,406,375 in 1951. The balance of \$648,398 was retained in the business for future needs.

## Capital Expenditures

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Total expenditures for the year on capital account, including advances of \$2,125,000 to the associated companies B.A.-Shawinigan Limited and St. Maurice Chemicals Limited for plant construction, were \$4,381,000. This compares with \$1,814,000 spent in 1951. Included in the year's capital expenditures was an amount of \$2,256,000 for expansion of the Company's plants at Shawinigan Falls, includ-

ing a new acetylene generator, additions to the vinyl acetate manufacturing plant, extension of the stainless steel foundry and other additions and improvements.

Capital expenditures of Canadian Resins and Chemicals Limited for the year totalled \$1,245,000, which was provided from the Company's own resources. This compares with \$681,000 expended in the previous year.

## Financial Position

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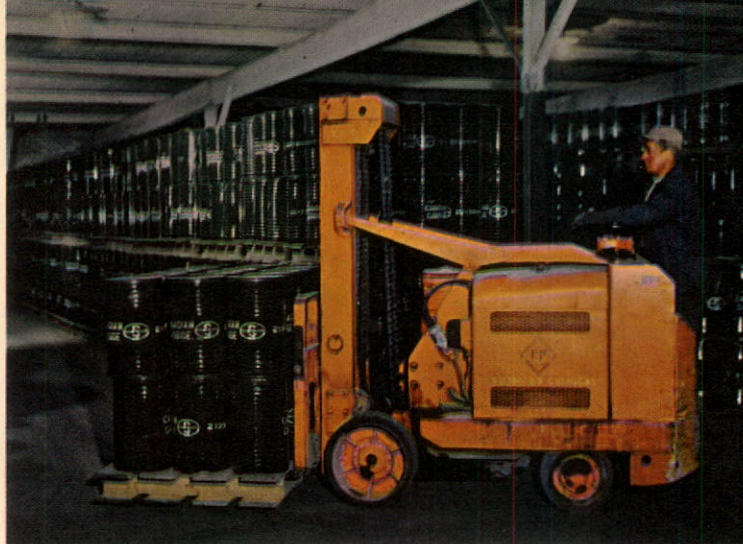
A summary of the Chemical Company's financial position as at December 31, 1952, with comparative figures for 1951, is given on page 29.

It will be noted that there is an increase in Investments in subsidiary and associated companies, representing advances

made to B.A.-Shawinigan Limited and St. Maurice Chemicals Limited and in Property, plant and equipment, resulting from capital expenditures made during the year. Owing to disbursements of cash for these purposes, Net Current Assets were 29.2% lower than at the end of 1951.

## The Outlook for our Chemical Business

The Chemicals Company has a capacity to produce certain chemicals in excess of the consuming capacity of the Canadian market, and must therefore sell some of its products in export markets. In the past year its business was adversely affected in these markets by several factors. One was a world-wide recession in the textile industry; a second was exchange restrictions in some markets, which in 1952 were able to obtain their requirements from "soft" currency countries; and a third was the high value of the Canadian dollar itself. In the latter months of 1952 there was a considerable improvement in the first of these factors, and it is to be hoped



*The Carbide shipping room at Shawinigan Chemicals Limited.*

that 1953 will witness an improvement in the second.

The rapid progress of industrialization in Canada is providing an ever-increasing market for a constantly widening variety of industrial chemicals and has brought about a great expansion of the Canadian chemical industry. Shawinigan Chemicals is participating in this expansion and at the same time is making every effort to

### Financial Position as at December 31, 1952 and 1951

OWNED			OWED		
	1952	1951		1952	1951
Cash and marketable securities.....	\$2,085,931	\$5,663,805	For materials, services and taxes.....	\$1,659,691	\$2,682,411
Raw materials, supplies and finished goods.....	4,127,628	3,779,609	Purchase of patent.....	30,000	60,000
Due from customers.....	2,274,908	2,416,630	Reserve to provide for replacement of plant and equipment ( <i>Depreciation</i> )	13,720,359	12,438,229
Investments in subsidiary and associated companies	4,720,855	2,595,855	Contingent and insurance reserves.....	1,527,361	1,527,361
Other assets.....	568,394	664,606	<b>TOTAL OWED.....</b>	<b>16,937,411</b>	<b>16,708,001</b>
Property, plant and equipment.....	21,127,939	18,943,037	<b>Net Worth (<i>Total owned less total owed</i>).....</b>	<b>17,968,244</b>	<b>17,355,541</b>
<b>TOTAL OWNED.....</b>	<b>\$34,905,655</b>	<b>\$34,063,542</b>		<b>\$34,905,655</b>	<b>\$34,063,542</b>

lessen its reliance on exports by manufacturing, either in its own plants or in association with other companies, industrial chemicals for which there is a sufficiently large domestic market to permit economic production. In 1953, two of such associated companies will come into operation, B.A.-Shawinigan Limited at Montreal East producing phenol and acetone, and St. Maurice Chemicals Limited at Varennes manufacturing formaldehyde and pentaerythritol.

During the past year, competition among chemical-producing countries, in particular those which had highly devel-

oped chemical industries before the war, became very active. For certain products this competition is affecting the Canadian chemical industry, which at the present time is afforded very little tariff protection. It appears, therefore, that the expansion of the industry has been proceeding somewhat faster than the immediate capacity of the domestic market to absorb certain of the products resulting from this expansion. Over the longer term future, however, there is every reason for confidence that the increase in domestic consumption will assure a sufficient market for these products.

## Changes of Directors and Officers

At the end of the year Mr. E. R. Williams, Vice-President of Manufacture, and Mr. C. M. Carmichael, Vice-President in Charge of the Stainless Steel and Alloys Division, retired.

Mr. Williams first became associated with the Shawinigan companies in 1915. He was made superintendent of carbide manufacturing operations in 1921, and in 1942, was appointed Works Manager at Shawinigan Falls in charge of all Divisions. He became Vice-President of Manufacture and a Director in 1951.

Mr. Carmichael joined Shawinigan

Chemicals Limited in 1930 as Manager of the newly formed Stainless Steel and Alloys Division and was appointed Vice-President in charge of that Division and a Director of the Company in 1945.

Mr. J. H. Gibbs, formerly superintendent of the Carbide Division, was appointed Vice-President of Manufacture, to succeed Mr. Williams, and Mr. C. K. Lockwood, Sales Manager, Stainless Steel and Alloys Division, was appointed Vice-President, Stainless Steel and Alloys, to succeed Mr. Carmichael.



## The Future of our Utility Operations

It is always with some trepidation that one undertakes to make predictions as to the future. However, as an electric utility supplying approximately one-third of the electricity consumed in the Province of Quebec, our Company's future is inevitably and closely linked with the Province in whose continued progress we have every confidence. Almost without interruption since the close of the war, we have witnessed a period of unparalleled growth and prosperity throughout Canada, and in Quebec in particular. During this period there have been, in Quebec, spectacular developments in iron, titanium, copper, asbestos, chemicals, and oil refining, great expansion in many of our larger manufacturing

industries, and less publicized but remarkable growth in a wide range of smaller diversified industries, many of them entirely new.

While it may be stated as a generality that capacity to produce has in most lines caught up with capacity to consume, there are still great possibilities of further growth in Quebec because of current and prospective development of its natural resources. In this growth our Company is sure to share, even though there may be temporary variations or setbacks in the rate of growth.

Furthermore, the policy of our Company is to do all it can to nurture Quebec's growth by promoting the development of new and diversified uses for electricity, which

today is a basic necessity in practically all industrial and commercial operations, as well as in the home and on the farm.

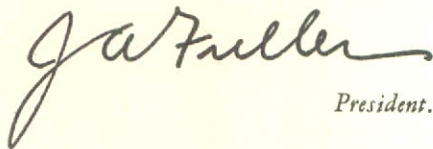
Having these factors in mind, we are preparing ourselves for a continued increase in demands from our customers, both industrial and domestic — present and future.

We must, however, spend money to meet these demands, and to enable us to raise the money required, investors must be satisfied that our

earnings are adequate. This, in turn, requires adequate payment by the consumer for the services we provide.

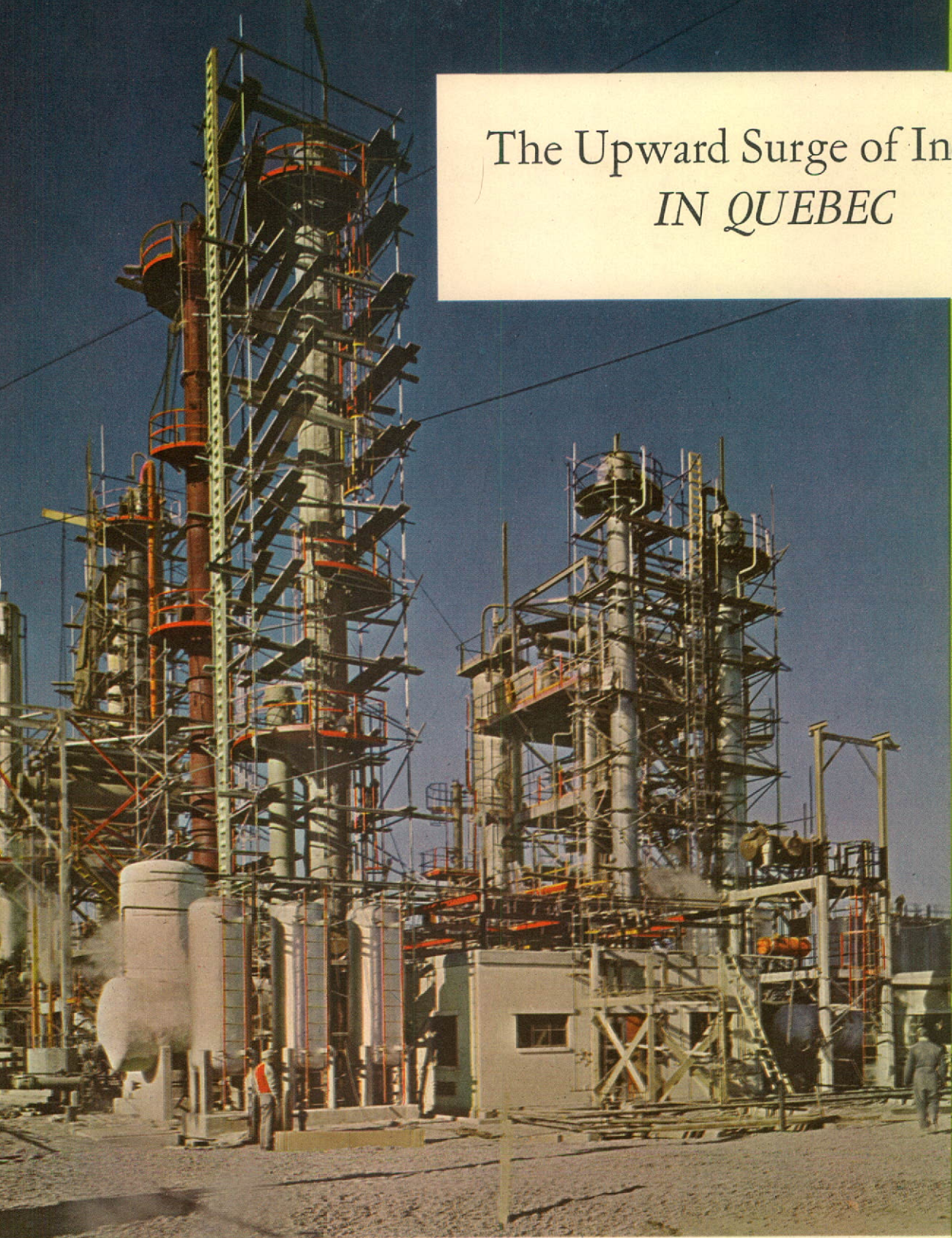
We are a regulated industry, but we believe that the regulatory authorities and our customers alike will recognize the necessity of higher prices to meet higher costs, and thus to ensure a continuing supply of capital, so that we can fill the power needs of a rapidly growing Quebec.

On behalf of the Board of Directors,

A handwritten signature in cursive script, appearing to read "J. A. Fuller". The signature is written in dark ink and is positioned above the printed name "President.".

*President.*

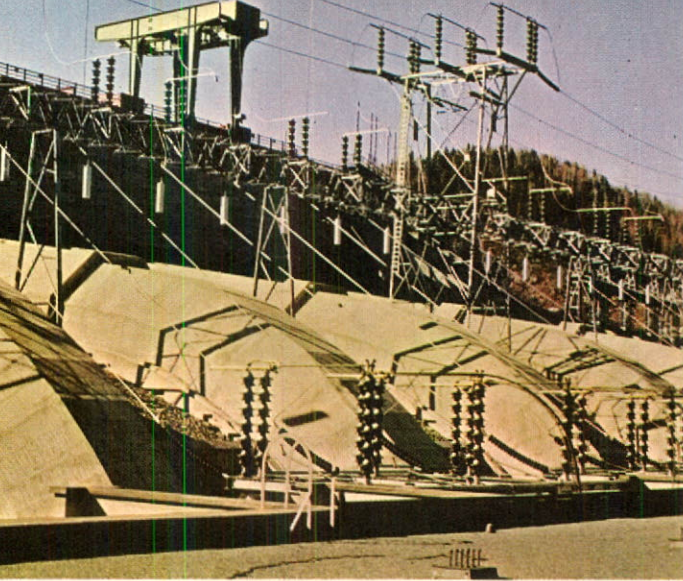
# The Upward Surge of Industry IN QUEBEC



*Equipment at the new petrochemical plant, under construction for B.A. - Shawinigan Limited.*

During and since the second world war, the industrial might of Canada

increased enormously, to such an extent, in fact, that it has been widely stated that



*Penstocks at Shawinigan's new Trenché development, as seen from the powerhouse roof.*



*One of the many new sub-stations added to Shawinigan's distribution system.*



*Gaily coloured berets are among the products of the many textile plants in Shawinigan territory.*

Canada 'came of age' as an industrial nation during that war.

No small share of this tremendous growth has taken place in the Province of Quebec, a large proportion of it in Shawinigan territory. In many towns and cities new industrial plants have sprung up, almost overnight like a crop of mushrooms. But unlike mushrooms, all have resulted from careful planning — detailed study of raw materials, availability of good workers, power supply and market potentialities. Existing industrial plants have had to expand their facilities in many cases to keep abreast of the unprecedented demand for their products — capital goods and consumer lines alike — which the postwar era has witnessed.

Those engaged in the power business have had to increase their generating capacity and extend their transmission and distribution facilities to keep pace with rapidly rising demands. Since the war, Shawinigan has actually constructed two large new generating stations with a total capacity of 520,000 horsepower — more than 60 per cent of the total capacity of the entire system in 1939. They are the No. 3 Powerhouse of 195,000 horsepower at Shawinigan Falls, completed in 1948, and the 325,000 horsepower Trenché development, the newest and largest single unit on the system,

which came into full production in 1951.

New transmission lines and terminal station facilities, a third transmission line crossing over the St. Lawrence River and several thousand miles of new distribution lines and many new sub-stations have been added as well. Since 1946, the total number of customers served has increased from 124,844 to 194,987.

New industries, both large and small, have been established throughout Shawinigan's territory. The largest of these — the first of its kind in the world — is Quebec Iron and Titanium Corporation's huge plant at Sorel, where ores brought from the Gulf of St. Lawrence are smelted in tremendous electric furnaces. Other new plants are turning out carpets, electric lamps, cotton, silk, and woollen textiles, clothing, abrasives, plastics, not to mention new asbestos mines and wood-working plants of various kinds. This industrial expansion of Quebec is still going ahead. For example, two new chemical plants, both associated with Shawinigan Chemicals Limited, are under construction at Montreal East and Varennes. At the latter place, too, a large electric furnace plant is being erected as part of the expansion programme of The Electric Reduction Company Limited. Several other industries are now considering establishing facilities in Shawinigan territory.

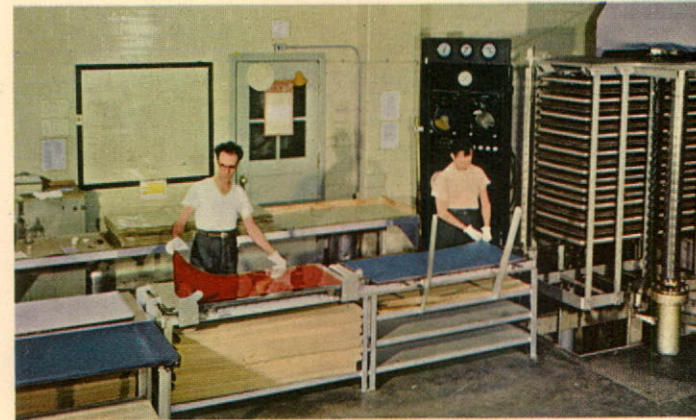
*A recently established clothing factory at Trois-Rivières, which employs several hundred people.*



*Performing invaluable service to industry, technical schools teach industrial skills and trades.*



*A new plant, located at Trois-Rivières, for the manufacture of electric lamps.*



*Large additions are in progress at Canadian Resins and Chemicals Limited's plants, making "Vinylite" plastics.*





*Farmland yesterday, industrial site today — evidence of Quebec's expanding industrial production.*

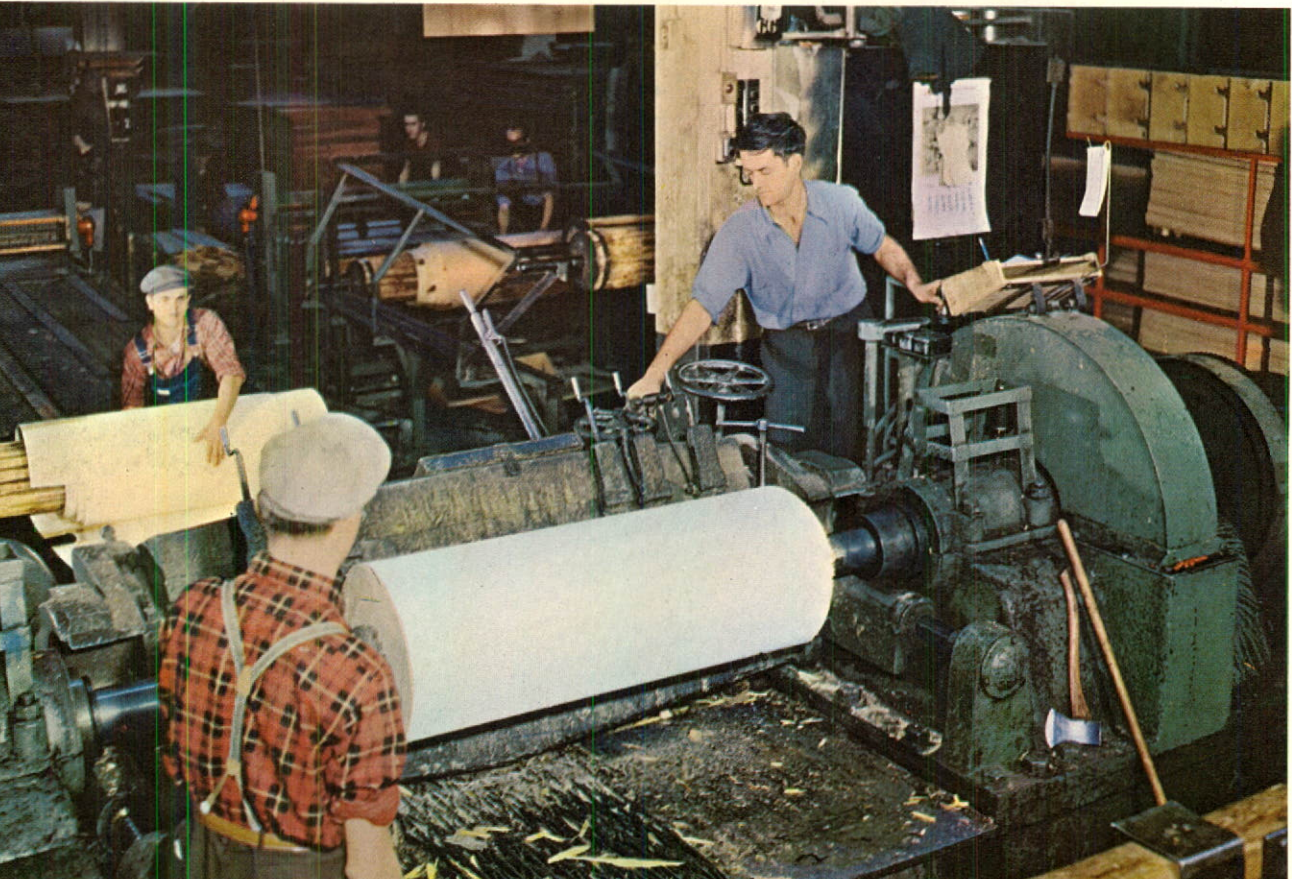


*This street of new homes and many others like it have resulted directly from increasing industrial payrolls.*

Coincident with this growth, and largely resulting from it, has been a tremendous volume of residential and commercial construction. New homes, new stores, restaurants, tourist camps, motels, garages, machine shops and many new public buildings have been or are being erected — further evidence of prosperity. Farmers, too, are constantly improving their establishments and utilizing more and more, the electrical and other services provided by Shawinigan.

This is no overnight boom. It is founded on a sound economic basis and represents the opening up of new horizons for the Province of Quebec.

*Three large lathes like this one, in a plywood plant near Montreal, turn out some 200,000 sq. ft. of veneer daily.*





*The huge new Titanium smelter at Sorel is partly hidden by smoke from the electric furnaces.*



*Raw material for the world's newspapers — huge rolls of newsprint awaiting shipment in a St. Maurice Valley mill.*

# The Shawinigan Water

Comparative Balance Sheet as at

<b>ASSETS</b>		1952	1951
<b>Fixed Assets:</b>			
Power Developments.....	\$ 80,971,524		\$ 80,756,386
Properties.....	27,703,245		27,753,828
Machinery.....	40,488,641		40,396,836
Transmission Lines and Distribution System.....	<u>102,286,676</u>		<u>95,011,067</u>
Total Fixed Assets (at cost of construction or acquisition).....		\$251,450,086	243,918,117
<u>Mattawin River and Other Storage Dams (at cost).....</u>	4,073,658		
Less: Amortization to date.....	<u>1,225,499</u>	2,848,159	2,917,235
<u>Securities of Subsidiary and Other Companies (at cost, less net adjustments).....</u>		14,898,671	14,943,671
<u>Deposit with Quebec Government.....</u>		125,000	125,000
<small>(\$125,000 Province of Quebec Bonds, deposited with the Quebec Government as provided in the emphyteutic lease dated June 22, 1928.)</small>			
<u>Stores and Moveable Plant (at cost).....</u>		3,421,936	3,154,615
<b>Current Assets:</b>			
Cash in Banks and on Hand.....	2,759,642		2,450,218
Call Loans.....	720,000		—
Temporary Investments (at cost, less reserve).....	12,008,661		13,483,748
<small>(Government Bonds and other investments, market value \$12,033,253.)</small>			
Accounts and Bills Receivable.....	4,375,616		4,782,308
Prepaid Charges.....	<u>1,152,052</u>		<u>1,171,633</u>
Total Current Assets.....		21,015,971	21,887,907
<u>Unamortized Bond Premium, Discount and Expense.....</u>		<u>3,043,219</u>	<u>3,267,556</u>
Total Assets.....		<u>\$296,803,042</u>	<u>\$290,214,101</u>

## AUDITORS' REPORT

We have audited the books and accounts of The Shawinigan Water and Power Company for the year ended December 31, 1952. In connection therewith we examined or tested the accounting records and other supporting evidence and made a general review of the accounting methods of the Company.

Stores, Moveable Plant, Cash Funds and Customers' Accounts have been verified periodically by your Internal Audit Department which has furnished us with certificates to that effect.

We have received all the information and explanations we have required, and in our opinion, based on our examination, the above Balance Sheet and related Statements of Profit and Loss and Surplus set forth a true and correct view of the affairs of The Shawinigan Water and Power Company as at December 31, 1952, and the result of operations for the year ended on that date, according to the best of our information, the explanations given to us and as shown by the books and records of the Company.

(Signed) SHARP, MILNE & CO.,  
Chartered Accountants.

Montreal, January 29, 1953.



December 31, 1952 and 1951

**LIABILITIES**

	1952	1951
<b>Capital Stock:</b>		
<b>Cumulative Redeemable Preferred:</b>		
Authorized—600,000 Shares of \$50 par value . . . . .	\$30,000,000	
Issued—Series "A" 4%, 400,000 Shares of \$50 par value . . . . .	\$20,000,000	\$ 20,000,000
Series "B" 4½%, 100,000 Shares of \$50 par value . . . . .	5,000,000	5,000,000
<b>Common:</b>		
Authorized—2,600,000 Shares of no par value		
Issued —2,178,250 Shares of no par value . . . . .	67,562,997	67,562,997
<b>Total Capital Stock . . . . .</b>	<b>\$ 92,562,997</b>	<b>92,562,997</b>
<b>Funded Debt:</b>		
<b>First Mortgage and Collateral Trust Sinking Fund Bonds:</b>		
Series "H" 3½% maturing January 1, 1970 . . . . .	18,761,000	
Less: Redeemed under Sinking Fund Provisions . . . . .	2,265,000	16,496,000
Series "J" 3½% maturing February 1, 1970 . . . . .	9,164,000	
Less: Redeemed under Sinking Fund Provisions . . . . .	260,500	8,957,500
Series "L" 3% maturing March 1, 1961 . . . . .	12,828,000	
Less: Redeemed under Sinking Fund Provisions . . . . .	472,000	12,356,000
Series "M" 3% maturing April 15, 1971 . . . . .	25,000,000	25,000,000
Series "N" 3% maturing May 15, 1971 . . . . .	10,000,000	
Less: Redeemed under Sinking Fund Provisions . . . . .	2,250,000	7,750,000
Series "O" 3¼% maturing April 1, 1972 . . . . .	13,806,500	
Less: Redeemed under Sinking Fund Provisions . . . . .	771,000	13,035,500
Series "P" 3½% maturing October 1, 1973 . . . . .	25,000,000	
Less: Redeemed under Sinking Fund Provisions . . . . .	1,901,000	23,099,000
Series "Q" 3% maturing March 1, 1975 . . . . .	15,000,000	15,000,000
<b>Total Funded Debt . . . . .</b>	<b>121,640,000</b>	<b>122,987,000</b>
(Principal and Interest payable in Canadian Funds with the exception of Series "M" and "Q" payable in United States Funds.)		
<b>Deferred Liabilities . . . . .</b>	<b>3,928,500</b>	<b>3,349,950</b>
(Advances received on account of cost of transmission lines, repayable in instalments in subsequent years.)		
<b>Current Liabilities:</b>		
Accounts Payable (including Provision for Income and Profits Taxes) . . . . .	4,477,416	4,982,336
Accrued Bond Interest, and Dividends Payable . . . . .	2,085,990	2,116,778
<b>Total Current Liabilities . . . . .</b>	<b>6,563,406</b>	<b>7,099,114</b>
<b>Reserves:</b>		
Water Storage Equalization Reserve . . . . .	524,000	—
Contingent Reserve . . . . .	500,000	1,644,906*
Depreciation and Renewal Reserve . . . . .	60,850,790	52,794,497
<b>Total Reserves . . . . .</b>	<b>61,874,790</b>	<b>54,439,403</b>
<b>Earned Surplus . . . . .</b>	<b>10,233,349</b>	<b>9,775,637</b>
<b>Total Liabilities . . . . .</b>	<b>\$296,803,042</b>	<b>\$290,214,101</b>

\*Includes \$1,000,000 Insurance Reserve transferred to Earned Surplus Account in 1952.

Approved on behalf of the Directors, NORMAN J. DAWES }  
S. G. DOBSON } Directors.

# The Shawinigan Water and Power Company

## COMPARATIVE STATEMENT OF PROFIT AND LOSS ACCOUNT

For the years ended December 31, 1952 and 1951

	1952	1951
Revenue from Power Sales.....	\$37,556,711	\$34,651,194
Other Revenue, including Income from Temporary Investments and Rentals.....	738,378	896,951
Dividends from Subsidiary and Other Companies.....	1,664,601	1,920,876
Total Revenue.....	<u>39,959,690</u>	<u>37,469,021</u>
Deduct:		
Operating Expenses.....	4,164,454	3,477,421
Power Purchased.....	4,653,183	5,173,029
Maintenance and Repairs.....	3,117,962	2,783,343
Taxes, other than Income and Profits Taxes.....	2,579,680	2,204,265
General Expenses.....	4,508,007	4,049,284
Water Storage Rentals.....	1,012,409	977,607
Provision for Depreciation.....	6,142,000	5,600,000
Total Operating Expenses.....	<u>26,177,695</u>	<u>24,264,949</u>
Net Profit before Bond Interest, Water Storage Equalization Reserve and Income and Profits Taxes.....	13,781,995	13,204,072
Deduct:		
Interest paid and accrued on Bonds.....	3,938,494	4,067,496
Net Profit before Water Storage Equalization Reserve and Income and Profits Taxes.....	9,843,501	9,136,576
Deduct:		
Provision for Water Storage Equalization Reserve of \$1,000,000, less Income and Profits Taxes applicable.....	524,000	—
Net Profit before Income and Profits Taxes.....	<u>9,319,501</u>	<u>9,136,576</u>
Deduct:		
Provision for Income and Profits Taxes.....	4,126,000	4,091,000
Net Profit transferred to Earned Surplus Account.....	<u>\$5,193,501</u>	<u>\$5,045,576</u>

## COMPARATIVE STATEMENT OF EARNED SURPLUS ACCOUNT

For the years ended December 31, 1952 and 1951

	1952	1951
Surplus carried forward from previous year.....	\$9,775,637	\$8,921,840
Refunded Portion of Excess Profits Tax.....	—	294,823
Transferred from Contingent and Insurance Reserves.....	1,527,381	—
Net Profit transferred from Profit and Loss Account.....	5,193,501	5,045,576
	<u>16,496,519</u>	<u>14,262,239</u>
Deduct:		
Amortization of Bond Premium, Discount and Expense.....	224,338	230,770
One tenth of additional cost for past service, Employees' Retirement Income Plan (seventh annual payment).....	72,370	72,370
Maximum Capital Cost Allowance for 1952 in excess of the normal provision for Depreciation charged to Profit and Loss Account.....	\$3,000,000	—
Less: Reduction in Provision for Income Tax.....	<u>1,217,000</u>	—
Dividends on Preferred Shares.....	1,025,000	1,025,000
Dividends on Common Shares.....	3,158,462	3,158,462
	<u>6,263,170</u>	<u>4,486,602</u>
Earned Surplus as per Balance Sheet.....	<u>\$10,233,349</u>	<u>\$9,775,637</u>

Audited and Verified, per our Report attached,  
(Signed) SHARP, MILNE & CO.,

Chartered Accountants.

# The Shawinigan Water and Power Company

## Comparative Statement of Profit and Loss Account

For the Years ended December 31, 1943-1952  
(In Thousands of Dollars)

	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943
Revenue from Power Sales.....	\$37,557	\$34,651	\$29,270	\$25,880	\$24,792	\$22,671	\$21,169	\$20,806	\$22,082	\$23,089
Other Revenue, including Income from Temporary Investments and Rentals.....	738	897	1,514	1,281	1,032	749	399	245	330	282
Dividends from Subsidiary and Other Companies.....	1,665	1,921	1,956	1,384	1,468	1,303	1,178	935	861	961
<b>Total Revenue.....</b>	<b>39,960</b>	<b>37,469</b>	<b>32,740</b>	<b>28,545</b>	<b>27,292</b>	<b>24,723</b>	<b>22,746</b>	<b>21,986</b>	<b>23,273</b>	<b>24,332</b>
<b>Deduct:</b>										
Operating Expenses.....	4,165	3,478	3,227	3,124	2,757	2,582	2,087	1,869	1,873	1,704
Power Purchased.....	4,653	5,173	5,015	4,512	4,446	3,557	3,594	3,466	4,354	4,284
Maintenance and Repairs.....	3,118	2,783	2,104	2,158	1,899	1,729	1,729	2,043	2,794	1,425
Taxes, other than Income and Profits Taxes.....	2,580	2,204	1,876	1,811	1,612	1,353	1,245	913	865	836
General Expenses.....	4,508	4,049	3,554	3,219	3,178	2,751	2,325	2,059	2,064	2,025
Water Storage Rentals.....	1,012	978	672	655	628	668	616	575	549	549
Provision for Depreciation.....	6,142	5,600	4,300	3,600	3,500	3,250	3,150	3,000	3,000	3,000
<b>Total Operating Expenses.....</b>	<b>26,178</b>	<b>24,265</b>	<b>20,748</b>	<b>19,079</b>	<b>18,020</b>	<b>15,890</b>	<b>14,746</b>	<b>13,925</b>	<b>15,499</b>	<b>13,823</b>
<b>Net Profit before Bond Interest, Water Storage Equalization Reserve and Income and Profits Taxes.....</b>	<b>13,782</b>	<b>13,204</b>	<b>11,992</b>	<b>9,466</b>	<b>9,272</b>	<b>8,833</b>	<b>8,000</b>	<b>8,061</b>	<b>7,774</b>	<b>10,509</b>
<b>Deduct:</b>										
Interest paid and accrued on Bonds.....	3,938	4,067	4,016	3,695	2,981	2,842	2,959	3,163	3,724	3,790
<b>Net Profit before Water Storage Equalization Reserve and Income and Profits Taxes.....</b>	<b>9,844</b>	<b>9,137</b>	<b>7,976</b>	<b>5,771</b>	<b>6,291</b>	<b>5,991</b>	<b>5,041</b>	<b>4,898</b>	<b>4,050</b>	<b>6,719</b>
<b>Deduct:</b>										
Provision for Water Storage Equalization Reserve of \$1,000,000, less Income and Profits Taxes applicable.....	524	—	—	—	—	—	—	—	—	—
<b>Net Profit before Income and Profits Taxes.....</b>	<b>9,320</b>	<b>9,137</b>	<b>7,976</b>	<b>5,771</b>	<b>6,291</b>	<b>5,991</b>	<b>5,041</b>	<b>4,898</b>	<b>4,050</b>	<b>6,719</b>
<b>Deduct:</b>										
Provision for Income and Profits Taxes.....	4,126	4,091	2,668	1,848	2,040	2,043	1,849	2,592†	1,726†	4,352†
<b>Net Profit.....</b>	<b>\$5,194</b>	<b>\$5,046</b>	<b>\$5,308</b>	<b>\$3,923</b>	<b>\$4,251</b>	<b>\$3,948</b>	<b>\$3,192</b>	<b>\$2,306</b>	<b>\$2,324</b>	<b>\$2,367</b>

† Including Refundable Portion of Dominion of Canada Excess Profits Tax.

### Earnings and Dividends:

#### Preferred Shares, \$30 Par Value:

Earnings per Share.....	\$10.61	\$9.80	\$10.62	\$9.87	—	—	—	—	—	—
Dividends per Share:										
Series "A," 4% (400,000 shares).....	2.00	2.00	2.00	2.00	2.00	1.00*	—	—	—	—
Series "B," 4½% (100,000 shares).....	2.25	2.25	1.87½‡	—	—	—	—	—	—	—

‡For ten months only.

\*For six months only.

#### Common Shares, No Par Value:

Earnings per Share.....	\$1.91	\$1.84	\$1.98	\$1.43	\$1.58	\$1.62	\$1.46	\$1.05	\$1.06	\$1.08
Dividends per Share.....	1.45	1.45	1.45	1.20	1.20	1.20	1.05	.92	.90	.90

# The Shawinigan Water and Power Company

## Comparative Balance Sheet As at December 31, 1943-1952

(In Thousands of Dollars)

	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943
<b>ASSETS</b>										
Fixed Assets.....	\$251,450	\$243,918	\$232,003	\$211,987	\$187,297	\$170,797	\$160,054	\$155,770	\$153,660	\$152,315
Mattawin River and Other Storage Dams, less Amortization to date.....	2,848	2,917	2,986	3,056	3,129	3,194	3,252	3,320	3,368	3,433
Securities of Subsidiary and Other Companies.....	14,899	14,944	15,150	15,078	14,791	16,825	16,810	16,717	17,067	17,061
Deposit with Quebec Government.....	125	125	250	250	250	250	250	250	250	250
Refundable Portion of Dominion of Canada Excess Profits Tax.....	—	—	294	421	1,091	1,533	1,533	1,535	1,241	1,119
Stores and Moveable Plant.....	3,422	3,155	2,857	3,178	3,734	3,257	2,406	1,577	1,132	1,120
Funds deposited with Trustee.....	—	—	—	—	8,500	—	—	—	—	—
Current Assets.....	21,016	21,888	27,184	19,959	31,811	26,521	13,470	7,879	10,783	10,536
Unamortized Bond Premium, Discount and Expense.....	3,043	3,267	3,497	5,417	5,842	5,483	5,566	5,067	—	—
<i>Total Assets</i> .....	<u>\$296,803</u>	<u>\$290,214</u>	<u>\$284,221</u>	<u>\$259,346</u>	<u>\$256,445</u>	<u>\$227,860</u>	<u>\$203,341</u>	<u>\$192,115</u>	<u>\$187,501</u>	<u>\$185,834</u>
<b>LIABILITIES</b>										
Capital Stock —										
Cumulative Redeemable Preferred.....	\$ 25,000	\$ 25,000	\$ 25,000	\$ 20,000	\$ 20,000	\$ 20,000	—	—	—	—
Common.....	67,563	67,563	67,563	67,563	67,563	67,563	\$ 67,563	\$ 67,563	\$ 67,563	\$ 67,563
Funded Debt.....	121,640	122,987	124,291	110,543	111,673	87,802	87,802	79,560	79,560	79,935
Deferred Liabilities.....	3,929	3,350	2,068	736	—	—	—	—	—	—
Current Liabilities.....	6,563	7,099	6,634	5,408	5,044	4,729	4,026	4,672	3,379	4,709
Water Storage Equalization Reserve.....	524	—	—	—	—	—	—	—	—	—
Contingent Reserve*.....	500	1,645	1,160	1,160	1,160	1,160	1,160	1,164	1,164	1,165
Depreciation and Renewal Reserve.....	60,851	52,794	48,289	45,927	43,137	39,901	36,722	33,654	30,750	27,838
Earned Surplus.....	10,233	9,776	8,922	7,588	6,777	5,172	4,535	3,967	3,844	3,505
Deferred Surplus.....	—	—	294	421	1,091	1,533	1,533	1,535	1,241	1,119
<i>Total Liabilities</i> .....	<u>\$296,803</u>	<u>\$290,214</u>	<u>\$284,221</u>	<u>\$259,346</u>	<u>\$256,445</u>	<u>\$227,860</u>	<u>\$203,341</u>	<u>\$192,115</u>	<u>\$187,501</u>	<u>\$185,834</u>

\*Figures for 1951 and prior years include Insurance Reserve of \$1,000,000, transferred to Earned Surplus Account in 1952.

# The Shawinigan Water and Power Company

## Operating Statistics for the Years 1947 to 1952 inclusive

	1952	1951	1950	1949	1948	1947
Installed Turbine Capacity—Horsepower.....	1,340,200	1,340,200	1,149,200	1,077,700	947,700	882,850
Installed Generator Capacity—Kilowatts.....	995,000	995,000	854,400	798,450	698,450	648,530
Peak Load, Firm Power—Kilowatts.....	1,249,000	1,253,700	1,147,300	1,011,500	969,610	859,290
Peak Load, Total—Kilowatts.....	1,349,100	1,316,800	1,152,800	1,027,152	1,001,280	1,024,640
Kilowatthours Generated.....	6,662,337,800	5,730,077,540	4,686,167,780	4,314,443,363	4,140,680,379	4,654,506,798
Kilowatthours Purchased.....	2,441,973,627	2,679,737,892	2,607,405,805	2,350,847,166	2,511,301,873	2,231,983,812
Total.....	9,104,311,427	8,409,815,432	7,293,573,585	6,665,290,529	6,651,982,252	6,886,490,610
Kilowatthours Sold:						
Firm Power.....	7,277,090,408	7,233,097,847	6,243,448,750	5,714,786,565	5,713,804,662	4,904,895,077
Secondary Power.....	880,833,350	305,323,348	323,090,598	249,433,946	249,906,171	1,355,886,083
Total.....	8,157,923,758	7,538,421,195	6,566,539,348	5,964,220,511	5,963,710,833	6,260,781,160
Volume of Water in Storage at year end—Billions of cubic feet.....	309.9	229.2	172.0	165.6	132.9	233.8
Number of Customers Served:						
Residential.....	130,818	124,204	116,796	110,601	103,317	94,674
Farm.....	41,188	40,329	38,578	37,376	32,229	27,045
Commercial.....	19,621	18,427	17,479	16,465	14,820	13,516
Municipal Services.....	57	57	49	48	41	37
Industrial.....	3,288	3,223	3,196	3,194	3,163	3,025
Other Utilities for resale (including Municipal Systems).....	15	15	14	15	15	15
Total.....	194,987	186,255	176,112	167,699	153,585	138,312
Number of Municipalities Served.....	591	590	580	567	551	539
Average annual kwh. consumption per Residential Customer.....	1,721	1,558	1,453	1,352	1,233	1,106
Average annual kwh. consumption per Farm Customer.....	989	858	770	693	636	614
Wages and Salaries paid, including Employee Benefits:						
Charged to Operation.....	\$8,499,857	\$7,229,687	\$6,402,339	\$6,014,809	\$5,594,605	\$4,898,763
Charged to Construction.....	597,402	592,532	592,691	908,745	1,017,918	974,950
Other.....	510,640	478,121	457,644	582,600	583,714	397,069
Total.....	\$9,607,899	\$8,300,340	\$7,452,674	\$7,506,154	\$7,196,237	\$6,270,782

## Regular Employees of Shawinigan and its Subsidiary and Associated Companies

The Shawinigan Water and Power Company.....	2,260	2,260	2,190	2,314	2,360	2,223
Shawinigan Chemicals Limited.....	1,532	1,235	1,226	1,266	1,549	1,615
The Shawinigan Engineering Company, Limited.....	272	255	241	242	195	195
Canadian Resins and Chemicals Limited.....	397	387	334	305	296	258
Quebec Power Company.....	673	686	716	700	697	681
The Quebec Railway, Light & Power Company.....	492	508	740	763	722	716
Miscellaneous Companies.....	135	110	102	199	209	186
Total.....	5,761	5,441	5,549	5,805	6,075	5,874

# THE SHAWINIGAN WATER AND POWER COMPANY

## DIRECTORS

LT.-COL. L. J. A. AMYOT	*S. G. DOBSON	P. S. GREGORY
V. G. BARTRAM	RAYMOND DUPUIS, Q.C.	W. F. MACKLAIER, Q.C.
*R. J. BEAUMONT	*J. A. ECCLES	*ARTHUR SURVEYER
*N. J. DAWES	*J. A. FULLER	H. G. WELSFORD
AUGUSTE DESILETS, Q.C.		JAMES WILSON, O.B.E.

*\*Members of Executive Committee*

## OFFICERS

R. J. BEAUMONT, <i>Chairman of the Board</i>	
J. A. FULLER, <i>President and Chairman of the Executive Committee</i>	
W. F. MAINGUY, <i>Executive Vice-President</i>	
A. C. ABBOTT, <i>Vice-President, Distribution</i>	E. D. GRAY-DONALD, <i>Vice-President and Chief Engineer</i>
P. S. GREGORY, <i>Vice-President, Power Sales</i>	W. R. WAY, <i>Vice-President, Generation and Transmission</i>
N. P. WOODS, <i>Vice-President, Finance, and Treasurer</i>	
C. W. HEMMING, <i>Comptroller</i>	J. L. T. MARTIN, <i>Secretary</i>
M. BALLS, <i>Assistant Vice-President and Manager, Hydraulic Resources Dept.</i>	GORDON D. HULME, <i>Assistant Vice-President</i>
L. MCGILLIS, <i>Assistant Vice-President and Manager, Purchasing Dept.</i>	FRANÇOIS ROY, <i>Assistant Vice-President</i>

HEAD OFFICE: Montreal, Canada

**Registrars:**— National Trust Company Limited  
Montreal, Que. Toronto, Ont.  
Bankers Trust Company  
New York City, U.S.A.

**Bankers:**— The Royal Bank of Canada  
National Canadian Bank

**Transfer Agents:**— The Royal Trust Company  
Montreal, Que. Toronto, Ont.  
Bank of Montreal Trust Company  
New York City, U.S.A.

**Auditors:**— Sharp, Milne & Co.,  
Chartered Accountants, Montreal, Que.

*The Company's Preferred and Common Shares are listed or traded on the Exchanges shown below:*

**Preferred Shares:**— Montreal Stock Exchange; Toronto Stock Exchange.

**Common Shares:**— Montreal Stock Exchange; Toronto Stock Exchange; American Stock Exchange, New York City; London Stock Exchange, London, England; Paris Bourse, Paris, France.

## SHAWINIGAN CHEMICALS LIMITED

### DIRECTORS

V. G. BARTRAM

P. S. GREGORY

H. S. REID

C. M. CARMICHAEL

R. S. JANE

H. S. SUTHERLAND

J. A. FULLER

L. F. LOUTREL

E. R. WILLIAMS

W. F. MACKLAIBER, Q.C.

### OFFICERS

V. G. BARTRAM, *President*

H. S. REID, *Executive Vice-President*

J. A. FULLER, *Vice-President*

R. S. JANE, *Vice-President,  
Research and Development*

H. S. SUTHERLAND, *Vice-President, Sales*

J. H. GIBBS, *Vice-President, Manufacture*

C. K. LOCKWOOD, *Vice-President,  
Stainless Steel and Alloys*

P. W. WRIGHT, *Secretary-Treasurer*

HEAD OFFICE: *Montreal, Canada*

WORKS: *Shawinigan Falls, Que.*

### SHAWINIGAN LIMITED, LONDON, ENGLAND

A. W. SCOTT, *Managing Director*

### SHAWINIGAN PRODUCTS CORPORATION, NEW YORK CITY, N.Y.

L. F. LOUTREL, *President*

## THE SHAWINIGAN ENGINEERING COMPANY LIMITED

### OFFICERS

R. E. HEARTZ, *President*

E. V. LEIPOLDT, *Vice-President*

A. L. PATTERSON, *Vice-President*

N. P. WOODS, *Treasurer*

J. L. T. MARTIN, *Secretary*

HEAD OFFICE: *Montreal, Canada*

